

LOWER GURUVE DEVELOPMENT ASSOCIATION

MAIN ACCOUNT

FINANCIAL STATEMENTS

31 DECEMBER 2019

**Nolands**  
NOT YOUR ORDINARY AUDITORS

Lower Gurube Development Association  
Main Account  
Financial Statements for the year ended 31 December 2019

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Lower Guruve Development Association  
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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 4-6.

The financial statements and the notes thereto set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the trustees and were signed by ;

Chairperson; *M. Hannurda*

Date; 07/09/2020

Executive Director; *Sanga*

Date; 07/09/2020

## Independent Auditor's Report

### To the Board members of Lower Guruve Development Association Main Account

#### Opinion

We have audited the financial statements of **Lower Guruve Development Association Main Accounts** set out on pages 7 to 17, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Lower Guruve Development Association Business Unit** as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 organization 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 Association for the Financial Statements

The Association is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and for such internal controls as the Association 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 Association 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 Association either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.



## 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 was conducted in accordance with ISA's 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director'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 Organization'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 Organization 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.

The engagement partner on the audit resulting in this independent auditor's report is Bernard Matamba.

Nolands  
Nolands Harare Chartered Accountants

10/09/2020  
Date



Lower Guruve Development Association  
 Main Account  
 Financial Statements for the year ended 31 December 2019  
 Statement of Financial Position

	NOTES	US\$ 2019	US\$ 2018
<b>Assets</b>			
<b>Non current assets</b>			
Property and equipment	3	67,490	71,007
		<u>67,490</u>	<u>71,007</u>
<b>Current assets</b>			
Accounts receivable	4	133,257	127,255
Cash and cash equivalents	5	576	296
		<u>133,833</u>	<u>127,552</u>
<b>Total assets</b>		<u><u>201,323</u></u>	<u><u>198,559</u></u>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Non distributable reserve		7,535	7,535
Accumulated funds		118,682	60,580
		<u>126,217</u>	<u>68,115</u>
<b>Current liabilities</b>			
Accounts payable	6	75,106	130,443
		<u>75,106</u>	<u>130,443</u>
<b>Total reserves and liabilities</b>		<u><u>201,323</u></u>	<u><u>198,559</u></u>

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

Chairperson; H. Hamaoka

Date; 07/09/2020

Executive Director; Ganga

Date; 07/09/2020

Lower Guruve Development Association  
Main Account  
Financial Statements for the year ended 31 December 2019  
Statement of profit and loss and other comprehensive income

	NOTE	US\$ 2019	US\$ 2018
<b>Income</b>			
<b>World Food Programme</b>			
Lean Season Assistance		323,611	183,134
<b>LGDA Contributions</b>			
Membership contributions		30	-
Sundry income		36,965	10,756
<b>Total Income</b>		<u>360,606</u>	<u>193,889</u>
<b>Expenditure</b>			
<b>Programmes</b>			
Lean Season Assistance	7.1	236,116	132,071
Administration	7.2	61,748	78,055
UN Women	7.3	4,640	-
<b>Total Expenditure</b>		<u>(302,504)</u>	<u>(210,125)</u>
<b>Profit for the year</b>		<u><u>58,102</u></u>	<u><u>(16,236)</u></u>



Lower Guruve Development Association  
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Statement of changes in reserves

	Non Distributable Reserve	Accumulated fund	Total
Balance as at 01 January 2018	7,535	76,816	84,351
Deficit for the year	-	(16,236)	(16,236)
Balance as at 31 December 2018	7,535	60,580	68,115
Profit for the year	-	58,102	58,102
Balance as at 31 December 2019	7,535	118,682	126,216

Lower Guruve Development Association  
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Statement of cashflows

	US\$ 2019	US\$ 2018
<b>Operating activities</b>		
Deficit for the year	58,102	(16,236)
<i>Adjusted for:</i>		
Depreciation	8,041	11,020
<b>Cash flows before working capital changes</b>	<b>66,143</b>	<b>(5,216)</b>
<b>Working capital changes</b>		
(Increase)/ Decrease in receivables	(6,001)	24,118
(Decrease) /Increase in payables	(55,338)	(19,424)
<b>Cash flows from / (applied in) operating activities</b>	<b>4,804</b>	<b>(522)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(4,524)	-
<b>Net cash movement for the period</b>	<b>280</b>	<b>(522)</b>
Cash and cash equivalents at the beginning of the year	296	818
<b>Cash and cash equivalents at end of the period</b>	<b>576</b>	<b>296</b>



Lower Guruve Development Association  
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Accounting policies

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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 rulling 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**  
**Financial Statements for the year ended 31 December 2019**  
**Accounting policies**

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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  
Financial Statements for the year ended 31 December 2019**

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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 L Nyamasoka	(Acting Chairperson)
Mrs E. Muveza	(Treasurer)
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 Machaya	(Member)
Mr Y Chiriwo	(Member)
Mrs R G Mupesa	(Member)
Mr B Mutande	(Member)
Mrs E Muveteri	(Member)
Ms M V Chaka	(Member)
Mr L Mukazika	(Member)
Mr E Chigwajara	(Member)
Mr C Chikondoma	(Member)

**Bankers** Standard Chartered Bank Limited,

**Auditors** Nolands Harare Chartered Accountants  
No. 7 Glenara Avenue South  
Cnr Samora Machel Avenue, Eastlea  
**Harare**  
Tel: +263 242 4810337/9, 49522

Lower Guruve Development Association  
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 Notes to the financial statements

3 PROPERTY AND EQUIPMENT

	Land and Buildings	Motor Vehicles	Training Equipment	Office Equipment	Plant & Machinery	Total
<b>Carrying Amount-01 January 2018</b>	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)
<b>Additions</b>	-	-	-	-	-	-
Depreciation for the year	(2,200)	(560)	(1,592)	(4,621)	(2,048)	(11,020)
<b>Carrying Amount-31 December 2018</b>	65,994	1,120	207	3,685	-	71,007
Gross carrying amount or cost	87,992	41,300	15,916	46,212	20,475	211,895
Accumulated depreciation	(21,998)	(40,180)	(15,708)	(42,527)	(20,475)	(140,888)
<b>Additions</b>	-	-	-	4,524	-	4,524
Depreciation for the year	(2,200)	(560)	(207)	(5,074)	-	(8,041)
<b>Carrying Amount-31 December 2019</b>	63,794	560	0	3,135	-	67,490
Gross carrying amount or cost	87,992	41,300	15,916	50,736	20,475	216,419
Accumulated depreciation	(24,198)	(40,740)	(15,915)	(47,601)	(20,475)	(148,929)



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	US\$ 2019	US\$ 2018
<b>4 Accounts receivable</b>		
Trade receivables	133,257	127,255
	<u>133,257</u>	<u>127,255</u>
<b>5 Cash and cash equivalents</b>		
Cash at bank	576	296
	<u>576</u>	<u>296</u>
<b>6 Accounts payable</b>		
PAYE and AIDS levy	13,207	17,132
NSSA	4,173	10,345
Salaries	43,581	53,000
Leave provision	9,446	48,543
Advances and recoveries	49	1,423
Sundry payables-insurance covers etc	4,650	-
	<u>75,106</u>	<u>130,443</u>

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	US\$ 2019	US\$ 2018
<b>7.1 Lean Season Assistance</b>		
<b>Main office running and staff costs</b>		
Administration staff	93,598	
Programme staff	18,395	6,314
Travel	5,528	10,798
Utilities	734	-
Communication fees	2,882	-
Office supplies	1,088	886
Rental facilities	2,528	1,588
	<u>124,753</u>	<u>19,586</u>
<b>Sub-office 1 office running and staff cost</b>		
Administrative staff	67,207	42,400
Programme staff	13,454	42,540
Travel	730	25
Training	-	4,351
Utilities and monitoring	20,083	23,168
Communication fees	2,838	-
Office supplies	1,440	-
Security	4,788	-
	<u>110,540</u>	<u>112,484</u>
<b>Administrative cost ( 7% )</b>	822	-
<b>Grand Total</b>	<u><u>236,116</u></u>	<u><u>132,071</u></u>



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	US\$ 2019	US\$ 2018
<b>7.2 Administration</b>		
Awareness raising in communities	2,323	-
Bank charges	232	1,324
Board meeting	58	152
Cellphone allowance	1,463	10,020
Communication fees	1,301	2,859
Consultancy	132	-
Depreciation	8,041	11,020
Donations	12	-
Generator expenses	2,640	-
Gender Equity & Women Empowerment	1,788	-
Institutional development- Gender & HIV	746	-
Lobby and Advocacy	3,611	-
Leave Pay	2,089	2,456
Motor vehicle expenses	286	130
NSSA Organisational contributions	1,829	176
Printing and stationery	259	42
Repairs and maintenance	317	757
Revival and completion of old projects	27	-
Rentals	674	-
Staff salaries and allowances	25,520	45,132
Staff Welfare	812	500
Subscriptions	94	150
Teas and cleaning	413	83
Transport	21	617
Travel and subsistence	3,333	782
Vehicle fuels	3,657	1,733
Water and electricity	68	122
<b>Grand Total</b>	<b>61,748</b>	<b>78,055</b>

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	US\$ 2019	US\$ 2018
<b>7.3 UN Women</b>		
<b>Main office running and staff costs</b>		
Administration staff	854	-
Bank charges	27.91	-
	<u>882</u>	<u>-</u>
<b>Sub-office 1 office running and staff cost</b>		
Training	3,758	-
	<u>3,758</u>	<u>-</u>
<b>Grand Total</b>	<u>4,640</u>	<u>-</u>