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Harare

Ref: **5617**

## **REPORT OF THE AUDITOR-GENERAL**

**TO**

**THE MINISTER OF HEALTH AND CHILD CARE**

**AND THE BOARD OF DIRECTORS**

**IN RESPECT OF THE FINANCIAL STATEMENTS OF**

**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

I have audited the financial statements of Zimbabwe National Family Planning Council set out on pages 7 to 26 which comprise the statement of financial position as at December 31, 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Zimbabwe National Family Planning Council as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Qualified Opinion**

**Non-compliance with International Accounting Standard (IAS 21) "The effects of changes in foreign exchange rates" on opening balances**

The prior year financial statements did not comply with IAS 21 "The Effects of Changes in Foreign Exchange Rates," as the Council had been unable to use an appropriate exchange rate on change of functional currency. The Council translated its comparative financial statements using the interbank



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rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Council used January 1, 2019 as the date of change in functional currency and rebased its foreign currency denominated balances to ZWL at a rate of 1:2.5. Statutory Instrument 33 of 2019 prescribed that all assets and liabilities that were denominated in US\$ before February 22, 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate starting at 1:2.5. The Council's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with Statutory Instrument 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard, the Council's 2020 opening balances misstatements have an impact on the current year financial statements.

Had the Council applied the requirements of IAS 21, many elements of the financial statements would have been materially impacted. As a result, the impact of the Council's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements, of the non-compliance with IAS 21 are considered material to the financial statements.

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of Zimbabwe National Family Planning Council for the year ended December 31, 2020. These matters were addressed in the context of my audit of the Zimbabwe National Family Council financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition, to the matters described in the Basis for Qualified Opinion section, I have determined the matter described below to be the key audit matters to be communicated in my report.

<b>Key Audit Matter</b>	<b>How my audit addressed the Key Audit Matter</b>
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<p><b>Valuation of Inventories. Refer to note 3.2 and 5 to the financial statements.</b></p> <p>The inflation adjusted inventory as at December 31, 2020 amounted to ZWL11 110 693. The Council values contraceptive stocks using the lower of cost or net realisable value whilst drugs and other consumables are written off upon purchase. Significant judgement and assumptions are made in determining the standard cost of contraceptives as most of these are received as donations.</p> <p>Due to the level of judgement and assumptions made in the valuation of inventory, this was considered a key audit matter.</p>	<p><b>Audit procedures performed to address the key audit matter;</b></p> <ul style="list-style-type: none"> <li>• Tested the design and implementation of controls over the receipt and recording of inventory.</li> <li>• Obtained an understanding of the elements that make up the unit costs of inventory and assessed the reasonableness of management judgements and assumptions in determining unit costs applying the requirements of IAS 2 "Inventory".</li> <li>• Assessed the compliance of the Council's accounting policies over inventory with the applicable accounting standards.</li> <li>• Assessed the adequacy of the Council's disclosures in relation to inventory.</li> </ul> <p>Based on evidence gathered, I found the management's assumptions in valuation of inventories to be reasonable.</p>
<p><b>Valuation of Property, plant and equipment. Refer to note 2.4.1, 3.1 and 4 of the financial statements.</b></p> <p>Property, plant and equipment of ZWL\$103 915 140 after adjusting for depreciation of ZWL\$5 270 324 represent a significant portion of the Council's asset base being 79% of the total assets as at December 31, 2020.</p> <p>The residual value and estimated useful lives are reviewed annually by management with reference to current, forecast and relevant technical factors to determine depreciation. This involves a significant degree of management judgement and assumptions when making these estimates.</p> <p>Due to the estimation uncertainty, I consider valuation of property, plant and equipment as a key audit matter.</p>	<p><b>My audit procedures to address the risk of material misstatement relating to valuation of property, plant and equipment included:</b></p> <ul style="list-style-type: none"> <li>• Reviewed and assessed the assumptions and judgments made in determining the carrying amount of property, plant and equipment by evaluating the reasonableness of the judgements and estimates applied.</li> <li>• Evaluated management's estimates regarding useful lives and residual values of these assets in relation to the Council's historical experience, best practice and future operating plans.</li> <li>• Reviewed status reports of the property, plant and equipment in comparison with physical assets.</li> <li>• Assessed the methodology used by management team to estimate the useful</li> </ul>



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	<p>life of various classes of property, plant and equipment taking into account the Council's future plans.</p> <p>Based on the evidence gathered, I found management's assumptions reasonable and the Property, plant and equipment disclosure note presented by management was adequate.</p>
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**Other Information**

Those Charged with Governance are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe National Family Council's 2020 annual report other than the financial statements and my auditor's report thereon ("the Other Information").

My opinion on the Council's financial statements does not cover the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Council's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Council's financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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

The Council's management and Those Charged with Governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Zimbabwe National Family Council [Chapter 15:11] and for such internal controls as management determines 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 management is responsible for assessing the Council'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 management either intends to liquidate the Council or cease operations or has no realistic alternative but to do so.



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Those Charged with Governance are responsible for overseeing the Council's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs 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, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I 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 my 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence, whether a material uncertainty exists related to events, or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate to modify my opinion. My conclusions are based on the evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Council 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.

I 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 I identify during my audit.



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for the year ended December 31, 2020

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In my opinion, the financial statements of Zimbabwe National Family Council have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Zimbabwe National Family Council Act [Chapter 15:11], Public Finance Management Act [Chapter 22:19] and other relevant Statutory Instruments.

April 11, 2022.

  
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**M. CHIRI,**  
**AUDITOR-GENERAL.**



## ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

## STATEMENT OF FINANCIAL POSITION

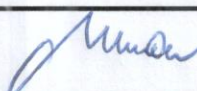
as at December 31, 2020

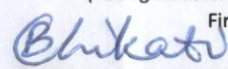
	Note	INFLATION ADJUSTED		HISTORICAL	
		Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	457 876 306	456 549 656	103 915 140	101 681 438
<b>Current assets</b>		<b>40 856 175</b>	<b>20 035 301</b>	<b>35 826 065</b>	<b>4 462 305</b>
Inventory	5	11 110 893	6 037 892	6 080 582	1 344 842
Prepayments		57 015	160 603	57 015	35 769
Trade and other receivables	6	585 096	498 456	585 096	111 015
Cash and cash equivalents	7	29 103 372	13 338 350	29 103 372	2 970 679
<b>Total assets</b>		<b>498 732 482</b>	<b>476 584 957</b>	<b>139 741 206</b>	<b>106 143 743</b>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>		<b>455 666 979</b>	<b>462 085 737</b>	<b>96 675 705</b>	<b>102 914 518</b>
Capital reserve		123 106 259	123 106 259	27 417 875	27 417 875
Revaluation reserve		378 925 930	378 925 930	84 393 303	84 393 303
Retained earnings		(46 365 211)	(39 946 452)	(15 135 474)	(8 896 660)
<b>Non current liabilities</b>					
Deferred income	10	5 144 324	3 002 050	5 144 324	668 608
<b>Current liabilities</b>		<b>37 921 179</b>	<b>11 497 170</b>	<b>37 921 178</b>	<b>2 560 617</b>
Trade and other payables	9	27 246 891	6 801 158	27 246 890	1 514 735
Leave pay provisions	8	10 674 288	4 696 012	10 674 288	1 045 882
<b>Total reserves and liabilities</b>		<b>498 732 482</b>	<b>476 584 957</b>	<b>139 741 207</b>	<b>106 143 743</b>

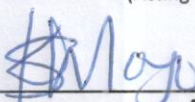
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**S. Mundandishe**  
 (Grad CG1, MBA)  
 (Acting Director Administration and Finance)

  
**B. Chikati**  
 (Acting Executive Director)

  
**Dr. S. Moyo**  
 (Acting Board Chairperson)



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**for the year ended December 31, 2020**

	Note	INFLATION ADJUSTED		HISTORICAL	
		Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
<b>INCOME</b>		<b>356 101 279</b>	<b>228 839 557</b>	<b>151 471 415</b>	<b>20 950 134</b>
Revenue	11	64 358 400	10 539 247	33 388 900	715 984
Other income	12	146 328 668	14 142 908	8 256 519	1 371 977
Government grant	13	134 303 518	161 672 457	105 421 918	15 301 820
Donations	14	11 110 693	42 484 945	4 404 078	3 560 353
<b>EXPENDITURE</b>		<b>( 215 535 752)</b>	<b>( 225 491 819)</b>	<b>( 157 710 229)</b>	<b>( 20 204 435)</b>
Administration expenses	16	( 64 106 458)	( 61 483 113)	( 37 195 751)	( 4 999 031)
Operating expenses	15	( 3 978 876)	( 22 793 167)	( 1 945 660)	( 1 843 628)
Payroll costs	17	( 147 450 418)	( 141 215 539)	( 118 568 818)	( 13 361 776)
<b>Surplus/(Deficit) for the year</b>		<b>140 565 527</b>	<b>3 347 738</b>	<b>( 6 238 814)</b>	<b>745 699</b>
Monetary loss		( 146 984 285)	-	-	-
Other comprehensive income		-	378 925 931	-	84 393 303
Gain on revaluation		-	-	-	-
<b>Total comprehensive profit / (loss)</b>		<b>( 6 418 758)</b>	<b>382 273 669</b>	<b>( 6 238 814)</b>	<b>85 139 002</b>



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**STATEMENT OF CHANGES IN RESERVES**

**for the year ended December 31, 2020**

<b>INFLATION ADJUSTED</b>				
	<b>Capital reserve ZWL</b>	<b>Revaluation Reserve ZWL</b>	<b>Retained earnings ZWL</b>	<b>Total ZWL</b>
<b>Balance as at January 1, 2019</b>	<b>123 106 259</b>	<b>-</b>	<b>( 43 294 192)</b>	<b>79 812 067</b>
Surplus for the year	-	-	382 273 669	382 273 669
Gain on revaluation	-	378 925 930	( 378 925 930)	-
<b>Balance as at December 31, 2019</b>	<b>123 106 259</b>	<b>378 925 930</b>	<b>( 39 946 453)</b>	<b>462 085 736</b>
Deficit for the year	-	-	( 6 418 758)	( 6 418 758)
<b>Balance as at December 31, 2020</b>	<b>123 106 259</b>	<b>378 925 930</b>	<b>( 46 365 211)</b>	<b>455 666 979</b>
<b>HISTORICAL</b>				
	<b>Capital reserve ZWL</b>	<b>Revaluation reserve ZWL</b>	<b>Retained earnings ZWL</b>	<b>Total ZWL</b>
<b>Balance as at January 1, 2019</b>	<b>27 417 875</b>	<b>-</b>	<b>( 9 642 359)</b>	<b>17 775 516</b>
Surplus for the year	-	-	85 139 002	85 139 002
Gain on revaluation	-	84 393 303	( 84 393 303)	-
<b>Balance as at December 31, 2019</b>	<b>27 417 875</b>	<b>84 393 303</b>	<b>( 8 896 660)</b>	<b>102 914 518</b>
Deficit for the year	-	-	( 6 238 814)	( 6 238 814)
<b>Balance as at December 31, 2020</b>	<b>27 417 875</b>	<b>84 393 303</b>	<b>( 15 135 473)</b>	<b>96 675 705</b>



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**STATEMENT OF CASH FLOWS**

for the year ended December 31, 2020

	Note	INFLATION ADJUSTED		HISTORICAL	
		Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
<b>Operating activities</b>					
Cash flows from operating activities		24 624 008	584 116	32 833 491	3 768 853
Cash flows before changes in working capital		9 234 128	(8 018 703)	12 332 403	2 377 428
Operating surplus		140 565 527	3 347 738	(6 238 814)	745 699
Adjustment for :					
Depreciation	4	9 083 344	3 228 871	5 270 325	262 531
Deferred income amortized		( 877 683)	( 1 096 211)	( 877 683)	( 76 867)
(Profit)/ Loss on disposal of property, plant and equipment		(1 514 953)	61 716	( 803 229)	5 018
Leave pay provision		5 978 277	2 695 677	9 628 406	723 820
(Decrease)/Increase in allowances for credit losses		(59 113 175)	72 163	( 196 944)	16 072
Revaluation of Property		-	-	-	-
Contraceptive donations		(11 110 693)	( 42 484 945)	(4 404 078)	( 3 560 353)
Gain / (loss) on sale of contraceptives		(73 776 512)	26 156 287	9 954 420	4 261 508
<b>Changes in Working Capital</b>		<b>15 389 880</b>	<b>8 602 819</b>	<b>20 501 088</b>	<b>1 391 425</b>
Decrease/(Increase) in inventory		(5 072 801)	2 619 621	(4 735 740)	49 058
Decrease/(Increase) in prepayments		103 587	( 95 219)	( 21 246)	( 25 242)
Decrease/(Increase) in receivables		( 86 640)	1 463 722	( 474 081)	204 906
Decrease/(Increase) in payables		20 445 733	4 614 695	25 732 155	1 162 703
<b>Cash flows from investing activities</b>		<b>(8 858 985)</b>	<b>(6 892 894)</b>	<b>(6 700 798)</b>	<b>(1 579 061)</b>
Purchase of property, plant and equipment	4	(10 695 102)	( 7 176 479)	(7 582 609)	( 1 598 325)
Proceeds from sale of property, plant and equipment		1 836 117	283 585	881 811	19 264
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>15 765 022</b>	<b>(6 308 778)</b>	<b>26 132 693</b>	<b>2 189 792</b>
Cash and cash equivalents at the beginning of year		13 338 350	19 647 126	2 970 679	780 887
Cash and cash equivalents at the end of year	7	<b>29 103 372</b>	<b>13 338 349</b>	<b>29 103 372</b>	<b>2 970 679</b>



# **ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2020**

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### **1. NATURE OF BUSINESS**

The Zimbabwe National Family Planning Council is an organisation registered in Zimbabwe under Zimbabwe National Family Planning Council Act [Chapter 15:11]. The objectives of the Council are:

- To provide subsidized contraception to the nation.
- To provide teaching and training aides in family planning to members of the community.
- To provide family planning awareness to the community.
- To provide safe and effective family planning services to the community using a wide range of techniques and technologies.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

The financial statements for the year ended December 31, 2020, have been prepared in conformity with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB). While full compliance has been possible in the previous periods only partial compliance has been achieved for the financial year ended December 31, 2020 because it has not been possible to comply with International Financial Reporting Standard 21 "The effects of Changes in Foreign Exchange Rates" (IAS 21). IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. The same standard requires an entity to make certain judgments, where applicable regarding appropriate exchange rates between the currency where exchangeability through a legal and market mechanism is not achievable.

In the opinion of the management, the requirements to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21. This has resulted in the adoption of the accounting treatment in the current year's financial statements which is at variance from that which would have been applied if the Council had been able to fully comply with IFRS.

#### **2.2 Basis of measurement**

The financial statements are based on the statutory records that are maintained on the historical cost basis, except for the following material items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value;
- Property, plant and equipment is measured at revalued amounts.

The historical financial statements have been restated in terms of IAS 29 "Financial reporting in Hyper-Inflationary Economies".



## ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

#### **Inflation Accounting**

The council adopted IAS 29 "Financial reporting in Hyper-Inflationary Economies" effective 01 January 2019 as proclaimed by the local accounting regulatory board, Public and Accountants and Auditors Board (PAAB). The price indices provided by the Zimbabwe Statistical Office and reported on the Reserve Bank of Zimbabwe website were used to adjust the historical cost financial statements as shown below;

	<b>Index</b>	<b>Conversion Factor</b>
CPI as at 31 December 2020	2474.5	1.00
CPI as at 31 December 2019	551.6	4.49
CPI as at 1 January 2020	563.9	4.39

Procedures used in restating the historical financial statements are:

- Current period monetary assets and liabilities are not restated while non-monetary assets and liabilities that are not carried at current reporting period end, are restated using the relevant monthly conversion factors.
- All items in the Statement of Profit and Loss and Other Comprehensive Income are reinstated by applying the relevant monthly conversion factors.
- Comparative amounts have been restated to reflect a change in the general price index from December 2019 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

#### **2.3 Functional and presentation currency**

These financial statements are presented in Zimbabwean dollar (ZWL\$) which is the Council's functional currency. All the financial information presented has been rounded off to the nearest dollar. In February 2019, the Government of Zimbabwe issued statutory Instrument 33 of 2019, which, based on our interpretation for accounting and other purposes, prescribes parity between the US Dollar and local mediums of exchange as at and up to the effective date of February 22, 2019, and also prescribes the manner in which certain balances in the financial statements may be treated as a consequence of the recognition of the RTGS Dollar as a currency in Zimbabwe.

In our opinion, the requirement to comply with Statutory Instrument 33 of 2019 has created inconsistencies with IAS 21, as well as with principles embedded in the Conceptual Framework for Financial Reporting as also enunciated in the guidance issued by the Public Accountants and Auditors Board on March 21, 2019. This has resulted in an accounting treatment being adopted in the 2020 financial statements which is different



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2020**

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from that which would have been adopted if Council had been able to fully comply with IFRSs.

**2.4 Critical judgments and estimates**

In the application of the Council's accounting policies, management is required to make judgments, estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual outcome may differ from these estimates which may be material to the financial statements. Significant judgments include the following:

**2.4.1 Useful lives and residual values of property, plant and equipment**

The Council assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The depreciation rates are set out in note 3.1.2 and no changes to these useful lives have been considered necessary during the year. Management has set residual values for all classes of property, plant and equipment at zero.

**2.5 New and revised standards and interpretations**

**2.5.1 Applicable new and revised standards and interpretations effective for annual periods beginning on or after January 1, 2020**

There were no applicable new or revised accounting standards or interpretations in the current year that would have had an impact on the amounts or disclosures reported in these financial statements.

**i. IFRS 9 Financial Instruments**

**a. Classification and measurement of financial assets**

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL.

However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive



ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

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income (OCI) (without subsequent Reclassification to profit or loss). IFRS 9 is effective January 1, 2018.

**b. Classification and measurement of financial liabilities**

For financial liabilities designated as fair value through profit or loss (FVTPL) using the fair value option (FVO), the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

**c. Impairment**

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

**ii. IFRS 15 Revenue from Contracts with Customers**

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard is effective for accounting periods beginning on or after January 1, 2017, however early adoption is permitted.

**iii. IFRS 16 Leases**

IFRS 16; leases effective for periods beginning on or after 1 January 2019, with early application permitted but only if the entity is also applying IFRS 15, revenue from contracts with customers. Under the new standard, IFRS 16, leases, a lessee recognizes a right of use asset and a liability. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest.



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**for the year ended December 31, 2020**

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The impacts of IFRS 16 are follows;

The impact may be on small leases which might be less as the IASB offers an exemption of assets with a value of \$5,000.00 or less when new. Low value assets meeting this exemption do not have to be recognized on the balance sheet. The cost to implement and continue to comply with the new leases standard could be significant for most lessees, particularly if they do not already have an in-house lease information system.

Lessor accounting remains largely unchanged from IAS 17 however, lessors are expected to be affected due to the changed needs and behaviours from customers which impacts their business model and lease products.

**3. ACCOUNTING POLICIES**

**3.1 Property, plant and equipment**

**3.1.1 Recognition and measurement**

Property, plant and equipment held for use in the supply of services or for administrative purposes, are stated at cost less accumulated depreciation and impairment losses.

**3.1.2 Depreciation**

Depreciation is not provided on freehold land.

Other assets are depreciated using the diminishing balance method at annual rates that will reduce book amounts to estimated residual values over the anticipated useful lives of the assets as follows:

Buildings	20 years
Motor vehicles/cycles	5 years
Furniture and equipment	10 years
Computer equipment	5 years
Bicycles	5 years

**3.1.3 Revaluation of property and equipment**

The Council revalues property, plant and equipment using information provided by sworn professional valuers and these are based on market values defined as "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". It is



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management's belief that revaluations should be done at 5 year intervals. However, Council has been financially constrained in the past years to carry out scheduled revaluations for all its asset classes.

**3.2 Inventory**

Contraceptive stocks are valued at lower of cost and net realizable value. Drugs and other consumables are written off upon purchase.

**3.3 Donations**

Donations of fixed assets are accounted at fair value and are presented in the statement of financial position as deferred income under non-current liabilities and are recognized as income on a systematic and rational basis over the useful life of the asset. Donations of a revenue nature are accounted for as income while the asset is recognized as cash. Donated contraceptive stocks are accounted for as income in the year of receipt and debited to the inventory account.

**3.4 Government grants**

Revenue grant is recognised as income during the year in which it is received. Capital Grant is recorded as deferred income in the statement of financial position when it becomes receivable and is then recognised as income on a systematic basis over the period necessary to match the grant with the related costs which they are intended to compensate. Grant amortised is credited to the statement of profit or loss and other comprehensive income over the expected useful lives of the respective assets, on a straight line basis.

**3.5 Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer (that is, when the Council delivers its performance obligation under the contract) at an amount that reflects the consideration to which the Council expects to be entitled in exchange for those goods or services. There is no requirement to disclose information about remaining performance obligations as all contracts have an expected duration of less than one year. The Council recognizes revenue from the following major sources:

**3.5.1 Revenue from sale of contraceptives and drugs**

The revenue is generated through sale to pharmacies, clinics, health organisations and individuals. The sale price is normally based on the cost plus a small mark-up. The Performance obligation is the provision of the contraceptives or drugs.



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**3.5.2 Revenue from catering and accommodation**

The revenue is generated from the sale of food to staff members and individuals who walk into the canteen. Employees buy the food at a subsidised price. Overnight accommodation is offered especially for individuals who come to attend workshops at the Council. The performance obligation is the provision of food to customers as well as provision of accommodation to clients.

**3.5.3 Revenue from Pap smear**

The revenue is generated from the provision of Pap smear services to individuals at the Council's clinics. The Price is gazetted by the management in consultation with the ministry. The performance obligation is the provision of the screening service to clients.

**3.5.4 Revenue from Training**

The revenue is generated from the provision of training in Family Planning courses to individuals and organisations. Training fees usually includes the provision of training space. The Performance obligations are when council the Council provides such services.

**3.6 Financial Instruments**

The Council has fully adopted IFRS 9, "Financial Instruments" with effect from the 1<sup>st</sup> January 2018. This is a fairly new standard that replaced IAS 39. From a classification and measurement perspective, the standard requires that all financial instruments' assessment be based on the council's business model of managing the financial instruments and the cash flow characteristics of the same, except for derivatives and equity instruments. The Council has fully complied IFRS 9 and the standard brings significant changes in terms of measurement and recognition from IAS 39 "Financial Instruments".

**3.6.1 Business Model assessment**

The Council determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives. The Council's model is assessed on an instrument by instrument basis, based on the following factors;

- The risks that affect the performance of the business model and how the risk is managed within each financial asset,
- The level of amounts held within each financial instrument and
- The security available on securing each asset.

**3.6.2 Measurement**

Effective 1<sup>st</sup> January 2018 Council classified all its financial assets based on the business model for managing the assets and the asset's contractual terms measured either at;

- Amortised cost,
- Fair value through other comprehensive income (FVOCI) and
- Fair value through Profit and Loss (FVPL).



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

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With effect from 1<sup>st</sup> January 2018, the Council now measures loans and advances to staff at amortised cost if both of the following conditions are met;

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI)

**3.6.3 Impairment of Financial assets (Allowance for credit losses)**

IFRS 9 replaced the incurred loss model in IAS 39 with an expected credit loss model. The new impairment model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income. The Council applies IFRS 9 simplified approach to measure the expected losses using a lifetime expected credit loss provision for trade receivables. The carrying amount of trade and other receivables is classified at amortised cost.

**3.6.4 Classification of Financial assets and liabilities**

The Council classifies its financial assets and liabilities as follows;

- **Financial assets held at amortised cost**  
These include loans and advances to staff and trade advance payments, assets which are previously recognised as held for sale under IAS 39.
- **Cash and cash equivalents**  
For purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances as well as investments with up to 90 days' maturity.
- **Financial liabilities**  
All loans and borrowings which are measured at initial recognition at fair value less directly attributable transactional costs. After initial recognition interest bearing loans are measured at amortised costs.

**3.6.5 De-recognition of financial assets**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired.

**3.6.5 De-recognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2020**

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**3.7 Taxation**

The Council is exempt from income tax in terms of paragraph 2 of the Third Schedule of the Income Tax Act [*Chapter 23:06*].

**3.8 Employee benefits**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Council's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**3.9 Going Concern**

The Directors have satisfied themselves that the Zimbabwe National Family Planning Council (Council) is in sound financial position and has adequate resources to continue in operation for the foreseeable future.

**3.10 Impact of COVID - 19**

In response to the novel Corona virus (COVID -19), which has caused global economic disruption, Council has implemented active prevention programs at its sites and contingent plans to minimize the risk related to COVID -19 and continue its operations. Management has considered the potential impact of the COVID-19 pandemic in the organization's significant accounting judgements and estimates and there are no changes to significant judgements and estimates disclosed in the financial statements, other than those disclosed in this financial report.

In the event of a prolonged pandemic, Council has taken measures to ensure that its employees and partners continue to be safe while conducting business. Council is unable to reasonably estimate the future impact of Covid-19, given the evolving nature of the virus. However, the financial situation of Council is healthy and Council does not believe that the impact of the COVID- 19 pandemic will have a material adverse effect on the Council's financial condition or liquidity.



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NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

HISTORICAL

4 Property, plant and equipment

	Land and buildings	Furniture and equipment	Computers	Motor vehicles	Bicycles/ Motor cycles	Totals
	ZWL	ZWL	ZWL	ZWL	ZWL	Dec-20
						Dec-19
						ZWL
Opening carrying amount	99 739 141	277 758	205 422	1 458 785	332	101 681 438
Gross carrying amount	99 739 141	664 228	453 789	1 997 773	3 071	102 858 002
Accumulated depreciation	-	( 386 470)	( 248 367)	( 538 988)	( 2 739)	( 1 176 564)
Additions at cost	488 722	3 579 436	3 514 451	-	-	7 582 609
Revaluation	-	-	-	-	-	-
Disposal	-	-	60 901	17 679	-	78 582
Cost	-	-	65 964	92 555	-	158 519
Accumulated depreciation	-	-	( 5 063)	( 74 874)	-	( 79 937)
Depreciation charge for the year	( 4 365 474)	( 207 005)	( 409 559)	( 288 220)	( 67)	( 5 270 325)
Closing carrying amount	95 862 389	3 650 189	3 371 215	1 188 245	265	103 915 140
Gross carrying amount	100 227 863	4 243 664	4 034 204	2 090 328	3 071	110 282 092
Accumulated depreciation	( 4 365 474)	( 593 475)	( 662 988)	( 902 082)	( 2 806)	( 6 366 952)
						101 681 438
						102 858 002
						( 1 176 564)



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NOTES TO THE FINANCIAL STATEMENTS

for the period year December 31, 2020

INFLATION ADJUSTED

Property, plant and equipment	Land and buildings	Furniture and equipment	Computers	Motor vehicles	Bicycles/ Motor cycles	Totals	
	ZWL	ZWL	ZWL	ZWL	ZWL	Dec-20 ZWL	Dec-19 ZWL
Opening carrying amount	447 828 743	1 247 134	922 345	6 549 945	1 491	456 549 658	73 785 140
Gross carrying amount	447 828 743	2 982 384	2 037 513	8 970 001	13 789	461 832 430	121 942 101
Accumulated depreciation	-	(1 735 250)	(1 115 168)	(2 420 056)	(12 298)	(5 282 772)	(48 156 961)
Additions at cost	615 790	4 146 176	5 933 136	-	-	10 695 102	7 176 479
Revaluation	-	-	-	-	-	-	378 925 930
Disposal	-	-	207 510	77 598	-	285 108	(109 022)
Cost	-	-	229 735	395 367	-	625 102	(46 212 081)
Accumulated depreciation	-	-	(22 225)	(317 769)	-	(339 994)	46 103 060
Depreciation charge for the year	(7 523 850)	(356 771)	(705 864)	(496 744)	(115)	(9 083 344)	(3 228 871)
<b>Closing carrying amount</b>	<b>440 920 683</b>	<b>5 036 539</b>	<b>5 942 106</b>	<b>5 975 603</b>	<b>1 375</b>	<b>457 876 306</b>	<b>456 549 656</b>
Gross carrying amount	448 444 533	7 128 560	7 740 913	8 574 634	13 789	471 902 428	461 832 429
Accumulated depreciation	(7 523 850)	(2 092 021)	(1 798 807)	(2 599 031)	(12 414)	(14 026 122)	(5 282 772)



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2020**

		<b>INFLATION ADJUSTED</b>		<b>HISTORICAL</b>	
		<b>Dec-20</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-19</b>
		<b>ZWL</b>	<b>ZWL</b>	<b>ZWL</b>	<b>ZWL</b>
<b>5</b>	<b>Inventory</b>				
	Contraceptives	11 110 693	6 037 892	6 080 582	1 344 842
<b>6</b>	<b>Trade and other receivables</b>				
	Trade receivables	16 898 102	75 836 718	16 898 102	16 890 138
	Allowance for credit losses	( 16 684 499)	( 75 797 674)	( 16 684 499)	( 16 881 442)
	Net trade receivables	213 603	39 044	213 603	8 696
	Other Receivables	371 493	459 412	371 493	102 319
	<b>Total trade and other receivables</b>	<b>585 096</b>	<b>498 456</b>	<b>585 096</b>	<b>111 015</b>
<b>Movements in allowance for credit losses</b>					
	Opening balance for impairment of trade receivab	75 797 674	75 725 511	16 881 442	16 865 370
	Movement during the year	( 59 113 175)	72 163	( 196 944)	16 072
	Closing balance	<b>16 684 499</b>	<b>75 797 674</b>	<b>16 684 499</b>	<b>16 881 442</b>
<b>7</b>	<b>Cash and cash equivalents</b>				
	Bank balances	29 100 980	13 336 059	29 100 980	2 970 169
	Cash	2 392	2 291	2 392	510
		<b>29 103 372</b>	<b>13 338 350</b>	<b>29 103 372</b>	<b>2 970 679</b>
<b>8</b>	<b>Provisions</b>				
	Leave pay provision	10 674 288	4 696 012	10 674 288	1 045 882
<b>9</b>	<b>Trade and other payables</b>				
	Trade	501 409	4 003 010	501 409	891 539
	Other creditors	1 808 839	641 211	1 808 839	142 809
	Payroll	24 936 642	2 156 937	24 936 642	480 387
		<b>27 246 890</b>	<b>6 801 158</b>	<b>27 246 890</b>	<b>1 514 735</b>



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for the year ended December 31, 2020

	INFLATION ADJUSTED		HISTORICAL	
	Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
<b>10 Deferred income</b>				
Carrying amount of donated assets	5 144 324	3 002 050	5 144 324	668 608
<b>Deferred income reconciliation</b>				
Opening balance	668 608	710 669	668 608	28 246
Additions	5 353 399	3 387 592	5 353 399	717 229
Less amortization	( 877 683)	( 1 096 211)	( 877 683)	(76 867)
<b>Closing balance</b>	<b>5 144 324</b>	<b>3 002 050</b>	<b>5 144 324</b>	<b>668 608</b>
<b>11 Revenue</b>				
Canteen food sales	1 445 636	1 340 951	749 991	94 966
Drug sales	641 765	509 549	332 945	36 086
Medical fees	5 145 944	4 055 776	2 669 697	287 230
Papsmear	630 927	351 667	327 323	24 905
HIV testing	15 508	10 237	8 046	725
Sale of contraceptives	55 854 003	-	28 976 850	-
Training	624 616	3 841 752	324 048	272 073
	<b>64 358 400</b>	<b>10 109 932</b>	<b>33 388 900</b>	<b>715 985</b>
<b>12 Other income</b>				
Accommodation	1 102 430	2 634 181	584 507	255 537
Commission receivable	85 929	114 898	45 559	11 146
Decrease in allowance for credit losses	59 113 175	-	196 944	-
Profit on disposal	1 514 958	-	803 229	-
Other sundry income	74 488 724	2 782 306	1 311 856	269 908
Deferred income amortized	1 655 384	61 105	877 683	5 928
Exchange rate gain / loss	4 162 441	4 661 692	2 206 922	452 222
Rental income	4 205 627	3 888 726	2 229 819	377 238
	<b>146 328 668</b>	<b>14 142 908</b>	<b>8 256 519</b>	<b>1 371 979</b>
<b>13 Government grants</b>				
Revenue Grant	134 303 518	161 672 457	105 421 918	15 301 820
<b>14 Contraceptive donations</b>	11 110 693	42 484 945	4 404 078	3 560 353
<b>15 Operating expenses</b>	Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
Canteen	1 066 826	2 166 138	521 675	175 208
Clinical	2 888 904	986 362	1 412 667	79 782
Disbursements to Natpharm	-	19 595 170	-	1 584 958
Hostel	23 145	45 497	11 318	3 680
	<b>3 978 876</b>	<b>22 793 167</b>	<b>1 945 660</b>	<b>1 843 628</b>



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	INFLATION ADJUSTED		HISTORICAL	
	Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
<b>16 Administration expenses</b>				
Accessories	474 012	1 338 306	275 031	108 814
Advertising and promotions	688 704	984 681	399 599	80 062
Audit fees	1 757 959	10 477 461	1 020 000	851 895
Autoclaving	31 371	71 224	18 202	5 791
Bank charges	6 852 869	6 113 346	3 976 161	497 060
Board members' allowances	912 946	-	529 708	-
Consultancy	222 080	172 735	128 855	14 045
Consumables	1 551 553	1 471 243	900 240	119 623
Cleaning	-	1 599	-	130
Depo holder allowances	50 460	167 243	29 278	13 598
Peer educator allowance	41 881	-	24 300	-
Depreciation	9 083 344	3 228 871	5 270 324	262 531
Electricity	1 739 552	2 103 734	1 009 320	171 049
Food subsidy	1 111 309	563 545	644 802	45 820
Fuels and oils	6 882 871	3 407 578	3 993 569	277 061
Refreshments	1 524 619	756 458	884 612	61 506
Garden & General expenses	153 542	262 168	89 088	21 316
Increase in allowance for credit losses	-	72 165	-	16 072
Insurance	3 595 622	3 379 224	2 086 246	274 756
Internet	1 262 916	360 011	732 767	29 272
Legal fees	407 110	1 275 896	236 213	103 740
Licenses other	1 755 750	614 200	1 018 719	49 939
Licenses motor vehicles	118 575	38 305	68 799	3 115
Literature	24 729	17 465	14 348	1 420
Loss on disposal of property, plant and equipment	-	61 716	-	5 018
Meetings and conferences	1 188 960	1 407 050	689 857	114 404
Postage	161 509	57 954	93 710	4 712
Telephones	1 134 501	885 274	658 258	71 979
Printing and stationery	2 518 822	3 293 354	1 461 467	267 774
Water and rates	1 892 272	1 716 684	1 097 931	139 579
Repairs and maintenance	7 917 403	7 684 517	4 593 823	614 603
Security	30 988	20 552	17 980	1 671
Staff development	26 651	236 202	15 463	19 205
Staff uniforms	874 680	311 069	507 506	25 292
Subscriptions	1 518 626	1 118 084	881 135	90 909
Travelling and subsistence	6 598 274	7 813 199	3 828 441	635 271
	<b>64 106 458</b>	<b>61 483 113</b>	<b>37 195 751</b>	<b>4 999 032</b>



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	INFLATION ADJUSTED		HISTORICAL	
	Dec-20 ZWL	Dec-19 ZWL	Dec-20 ZWL	Dec-19 ZWL
<b>17 Payroll costs</b>				
Basic pay	41 168 360	55 303 626	33 104 578	5 232 814
Transport allowance	3 995 448	8 110 677	3 212 846	767 430
Housing allowance	4 681 740	10 933 580	3 764 712	1 034 532
Domestic worker allowance	4 477	38 047	3 600	3 600
Uniform allowance	44 727	256 981	35 966	24 315
Pension contributions	3 494 730	4 680 949	2 810 206	442 910
NSSA contributions	1 695 657	2 225 319	1 363 523	210 559
Medical aid	8 920 148	9 509 455	7 172 929	899 782
Fuel Allowance	325 788	2 581 884	261 975	244 297
Cellphone Allowance	253 708	221 695	204 013	20 977
School fees allowance	27 029	83 915	21 735	7 940
Representation allowance	360 113	747 000	289 577	70 681
Motor Vehicle allowance	594 766	1 478 525	478 267	139 898
Post basic allowance	44 628 040	576 856	82 411	54 582
Medical allowance	102 485	1 381 626	991 013	130 729
Special civil service allowance	1 232 409	11 379 091	6 063 285	1 076 686
Nurse managers allowance	7 540 211	2 530 582	723 712	239 443
Special health allowance	899 997	3 501 148	905 328	331 278
Cushion allowance	1 125 852	4 969 439	2 225 378	470 207
Covid 19 risk allowance	2 767 447	-	35 886 598	-
Bonus	8 309 521	8 468 524	6 681 908	801 289
Other benefits	2 852 693	4 150 823	2 293 926	392 750
Cash in lieu of leave	12 425 072	8 085 799	9 991 332	765 076
	<b>147 450 418</b>	<b>141 215 539</b>	<b>118 568 818</b>	<b>13 361 776</b>

**18 Related party transactions**

The remuneration of directors and other key management personnel during the period under review were as follows:

**18.1 Non - executive directors**

Chairman	161 878	-	93 925	-
Vice Chairman	130 233	-	75 563	-
Other Board members	620 835	-	360 220	-
Board fees	<b>912 946</b>	<b>-</b>	<b>529 708</b>	<b>-</b>

**18.2 Key management staff**

<b>Short term benefits</b>				
Executive director	692 221	378 927	338 495	144 293
Directorate (other than executive director)	1 591 989	555 718	778 480	211 614
Senior managers	1 904 971	627 574	931 528	238 976
	<b>4 189 181</b>	<b>1 562 219</b>	<b>2 048 503</b>	<b>594 883</b>

Remuneration of executive director and key management staff of the Council comprise of an annual basic salary, annual bonus, social security contribution, pension contributions, medical aid contribution and other benefits. The amounts paid to members of the Board vary depending on the number of sittings.



**ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2020**

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**19 Pension arrangement**

**19.1 Defined contribution plan**

The Council operates a defined contributory pension scheme. The assets of the scheme are held separately from those of the Council in an independently administered fund. Council contributes 11% on basic salaries.

**19.2 National Social Security Authority**

The National Social Security Authority was introduced on 1st October 1994 and with effect from that date all employees are members of the scheme to which both employees and the council contributes as follows:

**Employees:** 3,5% of monthly basic salary

**Company :** 3,5% of monthly basic salary

Amount charged through the income statement during the period under review amounted to ZWL 1 363 523

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