

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS

31 DECEMBER 2023

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

GENERAL INFORMATION

Nature of business

The Zimbabwe National Family Planning Council is an organisation registered in Zimbabwe under Zimbabwe 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 and to provide safe and effective family planning services to the community using a wide range of techniques and technologies.

Board of Directors

Prof. S. Moyo [Board Chairperson]
Mr D. Rufu [Board Vice Chairperson]
Mr D. Mutizwa
Mrs J. Muchuchu
Mr T.A Nyakatawa
Col (Dr) T. L. Gunduza
Mr. F. Machinga [Acting Executive Director]

Registered Office

Zimbabwe National Family Planning Council
1 Swiss Way
Harare
Zimbabwe

Financial statements

These financial statements were prepared under the direction and supervision of the Acting Finance Director Mr Stanford Mundandishe, Grad CGI, MBA.

External Auditors

Rockstone Chartered Accountants
11 Edinburgh Borrowdale
Harare
Email: info@rockstone.co.zw
Website: www.rockstone.co.zw

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The Directors are responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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 Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. The Directors set 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 Council and the Council is required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors 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 Directors are satisfied that the Council has or has access to adequate resources to continue in operational existence for the foreseeable future.

Financial Statements are prepared with the aim of complying with International Financial Reporting Standards (IFRS). The Directors assessed the ability of the Council to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The external auditors are responsible for independently reviewing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditors and their report is presented on pages 5 to 7.

The financial statements set out on pages 8 to 27, which have been prepared on the going concern basis, were approved by the Directors and were signed on their behalf by:

DIRECTOR

DIRECTOR

Date of Approval:

REPORT OF THE INDEPENDENT AUDITORS

TO THE BOARD MEMBERS OF ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

Opinion

We have audited the accompanying financial statements of Zimbabwe National Family Planning Council, set out on pages 8 to 27, which comprise the statement of financial position as at 31 December 2023, 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 the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the matters discussed on the basis of our opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe National Family Planning Council as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Zimbabwe National Family Planning Council in accordance with the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe and we have fulfilled our other ethical responsibilities under these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters noted for the year.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' responsibility statement & approval. The other information does not include the financial statements and our auditor's opinion thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have

performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the requirements of Zimbabwe National Family Planning Council Act (Chapter 15:11), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 the Directors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing Zimbabwe National Family Planning Council's financial reporting process.

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 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, 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.

We 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 Zimbabwe National Family Planning Council's internal controls. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We conclude on the appropriateness of management'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 Zimbabwe National Family Planning Council'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 Zimbabwe National Family Planning Council to cease to continue as a going concern.

We 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 obtain sufficient audit evidence regarding the financial information of Zimbabwe National Family Planning Council or business activities of Zimbabwe National Family Planning Council to express an opinion on the financial statements. We are responsible for the

direction, supervision and performance of Zimbabwe National Family Planning Council’s audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on legal and regulatory requirements

The financial statements have been prepared in compliance with the requirements of the Zimbabwe National Family Planning Council Act (Chapter 15:11).

Rockstone Chartered Accountants
Engagement Partner: Pearce Janga
PAAB Practicing Certificate Number: 0609

Harare
Date:

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

		INFLATION ADJUSTED		HISTORICAL	
	Note	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	4	15 538 755 308	12 287 462 741	4 733 635 142	167 286 981
Investment Property	5	6 686 448		1 391 452	
Current assets		7 633 043 231	3 511 971 397	3 502 865 636	727 130 479
Inventory	6	6 675 011 000	3 155 107 574	2 544 833 406	652 866 998
Prepayments		64 268 876	720 763	64 268 876	149 991
Trade and other receivables	7	95 339 046	39 276 112	95 339 045	8 173 372
Cash and cash equivalents	8	798 424 309	316 866 948	798 424 309	65 940 118
Total assets		23 178 484 987	15 799 434 137	8 237 892 230	894 417 460
RESERVES AND LIABILITIES					
Reserves		22 744 997 182	15 269 940 059	7 804 404 425	784 229 565
Capital reserve		3 268 728 809	3 268 728 809	27 417 875	27 417 875
Revaluation reserve		13 348 807 462	10 061 276 439	4 279 083 678	84 393 303
Accumulated reserves		6 127 460 911	1 939 934 811	3 497 902 872	672 418 387
Non current liabilities					
Deferred income	11	865 973	21 173 214	865 973	4 406 153
Current liabilities		432 621 832	508 320 864	432 621 832	105 781 742
Trade and other payables	10	375 560 850	259 465 724	375 560 850	53 994 904
Leave pay provisions	9	57 060 982	248 855 140	57 060 982	51 786 838
Total reserves and liabilities		23 178 484 987	15 799 434 137	8 237 892 230	894 417 460

_____, 2023.

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

_____, 2023.

F. Machinga
 (Acting Executive Director)

_____, 2023.

Prof. 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, 2023

	Note	INFLATION ADJUSTED		HISTORICAL	
		Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
INCOME		28 772 413 396	15 476 424 771	20 820 982 164	2 525 111 749
Revenue	12	7 959 824 367	3 456 792 024	4 893 454 878	424 404 764
Other income	13	1 440 578 671	542 631 875	977 127 195	88 587 833
Government grant	14	15 077 623 871	8 321 893 297	12 497 326 400	1 486 006 123
Donations	15	4 294 386 487	3 155 107 574	2 453 073 691	526 113 029
EXPENDITURE		(24 549 527 771)	(12 218 072 951)	(17 995 497 679)	(1 993 157 258)
Administration expenses	17	(7 319 576 409)	(3 464 171 027)	(4 130 419 844)	(458 016 631)
Operating expenses	16	(1 223 155 487)	(166 950 750)	(757 957 137)	(20 823 565)
Payroll costs	18	(16 006 795 875)	(8 586 951 175)	(13 107 120 698)	(1 514 317 062)
Surplus for the year		4 222 885 625	3 258 351 819	2 825 484 485	531 954 491
Other comprehensive income					
Monetary loss		(35 359 525)	(2 648 714 953)		
Total comprehensive income		4 187 526 100	609 636 866	2 825 484 485	531 954 491

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2023

INFLATION ADJUSTED

	Capital reserves ZWL	Revaluation Reserves ZWL	Accumulated Reserves ZWL	Total ZWL
Balance as at January 1, 2022	3 268 728 809	10 061 276 439	1 330 297 945	1 212 276 155
Surplus for the year			609 636 866	609 636 866
Balance as at December 31, 2022	3 268 728 809	10 061 276 439	1 939 934 811	15 269 940 059
Surplus for the year			4 187 526 100	4 187 526 100
Gain on revaluation		3 287 531 023		3 287 531 023
Balance as at December 31, 2023	3 268 728 809	13 348 807 462	6 127 460 911	22 744 997 182

HISTORICAL

	Capital reserve ZWL	Revaluation reserve ZWL	Accumulated Reserves ZWL	Total ZWL
Balance as at January 1, 2022	27 417 875	84 393 303	140 463 896	252 275 074
Surplus for the year			531 954 491	531 954 491
Balance as at December 31, 2022	27 417 875	84 393 303	672 418 387	784 229 565
Surplus for the year			2 825 484 485	2 825 484 485
Gain on revaluation		4 194 690 375		4 194 690 375
Balance as at December 31, 2023	27 417 875	4 279 083 678	3 497 902 872	7 804 404 425

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

		INFLATION ADJUSTED		HISTORICAL	
	Note	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Operating activities					
Cash flows from operating activities		1 139 821 975	(230 575 194)	1 141 246 112	59 528 457
Cash flows before changes in working capital		4 596 767 856	633 312 652	2 863 960 984	542 015 897
Operating surplus		4 187 526 100	609 636 866	2 825 484 485	531 954 491
Adjustment for :					
Depreciation	4	687 340 510	108 421 483	35 612 540	13 451 846
Deferred income amortized		(20 307 242)	(79 153 587)	(3 540 180)	(2 831 212)
Deferred income additions		-	7 887 628	-	1 641 418
(Profit)/ Loss on disposal of property, plant and equipment		476 112	(13 479 738)	100 143	(2 200 646)
Leave pay provision		(191 794 158)	-	5 274 144	-
(Decrease) / increase in allowances for credit losses		(66 473 466)	-	1 029 852	-
Changes in Working Capital		(3 456 945 881)	(863 887 846)	(1 722 714 872)	(482 487 440)
Movement in inventory		(3 519 903 426)	(407 610 935)	(1 891 966 408)	(523 973 679)
Movement in prepayments		(63 548 113)	1 386 048	(64 118 885)	(22 452)
Decrease/(Increase) in receivables		10 410 532	4 743 111	(88 195 525)	(5 508 601)
Decrease/(Increase) in payables		116 095 126	(462 406 070)	321 565 946	47 017 292
Cash flows from investing activities		(658 264 614)	(681 598 879)	(408 761 921)	(67 990 230)
Purchase of property, plant and equipment	4	(658 264 614)	(698 427 766)	(408 761 921)	(70 687 794)
Proceeds from sale of property, plant and equipment			16 828 887		2 697 564
Net increase/(decrease) in cash and cash equivalents		481 557 361	(912 174 072)	732 484 191	(8 461 773)
Cash and cash equivalents at the beginning of year		316 866 948	1 229 041 020	65 940 118	74 401 891
Cash and cash equivalents at the end of year	8	798 424 309	316 866 948	798 424 309	65 940 118

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

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, 2023, have been prepared in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

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 statement of financial position:

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

The historical financial statements have been reinstated in terms of IAS 29 “Financial reporting in Hyper-Inflationary Economies”.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

2. Basis of preparation (continued)

2.2 Statement of compliance (continued)

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;

Year	Indices	Conversion factor
Dec – 21	3,977.46	16.52
Dec – 22	13,672.91	4.81
Dec – 23	65,703.44	1.00

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 values at reporting period end, are restated using the relevant monthly conversion factors.
- All items in the Statement of Profit or 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 2022 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.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

2. Basis of preparation (continued)

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, 2023

There was a 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.

IFRS 17 Insurance Contracts – effective 1 January 2023

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements - The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The Council is not an insurance company and does not issue insurance contracts. Therefore, the standard is not expected to have a major impact on the financial statements.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

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.

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

3.1.2 Revaluation of property and equipment

The Council revalue property, plant and equipment using information provided by 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 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.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

3. Accounting policies (continued)

3.5 Revenue from Contracts with Customers

The Council recognises revenue by following the principles of the five-step model in terms of the IFRS 15 – Revenue from contracts with customers and the model is illustrated below:

Step 1 Identification of the contract (s) with customers

Step 2 Identification of separate performance obligations in the contract

Step 3 Determination of the transaction price

Step 4 Allocation of the transaction price to separate performance obligation in the contract

Step 5 Recognition of the revenue when (or as) the Council satisfies a performance obligation

Revenue mainly comprises the fair value of the consideration received or receivable from the rendering of services in the ordinary course of the Council's activities. The Council recognises revenue when it transfers control over a good or service to a customer.

Interest is recognised in the statement of profit or loss and other comprehensive income as it accrues, taking into account the effective yield on the asset.

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.

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.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

3. Accounting policies (continued)

3.6 Financial Instruments

The Council has fully adopted IFRS 9, Financial Instruments with effect from the 1st January 2018. This is a 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 with 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.
- The security available on securing each asset.

3.6.2 Measurement

Effective 1st 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)
- Fair value through Profit and Loss (FVPL)

With effect from 1st 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

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.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTING POLICIES

3. Accounting policies (continued)

3.6 Financial Instruments (continued)

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.

3.6.6 De-recognition of financial liabilities

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

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 Provisions

A provision is recognized in the statements of financial position when the Council has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of the money and, where appropriate, the risks specific to the liability.

3.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. The Council has related party relationships with its key management, the Council Directors and the Ministry of Health and Child Care.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

HISTORICAL

4 Property, plant and equipment

	Land and Buildings	Furniture and Equipment	Computers	Motor Vehicles	Bicycles/ Motor cycles	Totals Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Opening carrying amount	91 762 764	10 287 982	18 648 283	46 587 793	159	167 286 981	110 547 951
Gross carrying amount	104 346 031	12 099 858	23 005 640	54 303 183	2 892	193 757 604	123 771 862
Accumulated depreciation	(12 583 267)	(1 811 876)	(4 357 357)	(7 715 390)	(2 733)	(26 470 623)	(13 223 911)
Additions at cost	-	203 141 304	204 034 253	1 586 364	-	408 761 921	70 687 794
Reclassification to Investment Property	(1 609 541)					(1 609 541)	-
Revaluation - cost	-	-	-	4 187 073 432	-	4 187 073 432	-
Disposal	-	-	(16 011)	(84 132)	-	(100 143)	(496 918)
Cost			(31 272)	(182 579)		(213 851)	(702 052)
Accumulated depreciation			15 261	98 447		113 708	205 134
Depreciation charge for the year	(3 855 755)	(11 520 249)	(20 236 504)		(32)	(35 612 540)	(13 451 846)
Reclassification to Investment Property	218 089					218 089	-
Revaluation - accumulated depreciation				7 616 943		7 616 943	-
Closing carrying amount	86 515 557	201 909 037	202 430 021	4 242 780 400	127	4 733 635 142	167 286 981
Gross carrying amount	102 736 490	215 241 162	227 008 621	4 242 780 400	2 892	4 787 769 565	193 757 604
Accumulated depreciation	(16 220 933)	(13 332 125)	(24 578 600)	-	(2 765)	(54 134 423)	(26 470 623)

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

INFLATION ADJUSTED

4 Property, plant and equipment

	Land and Buildings	Furniture and Equipment	Computers	Motor Vehicles	Bicycles/ Motor cycles	Totals Dec-23	Totals Dec-22
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Opening carrying amount	11 079 855 655	168 207 505	259 263 869	779 254 108	881 604	12 287 462 741	11 700 805 607
Gross carrying amount	11 940 481 536	251 712 978	380 033 040	953 179 537	1 630 944	13 527 038 035	12 833 461 588
Accumulated depreciation	(860 625 881)	(83 505 473)	(120 769 171)	(173 925 429)	(749 340)	(1 239 575 294)	(1 132 655 981)
Additions at cost	-	401 683 864	254 110 919	2 469 831	-	658 264 614	698 427 766
Reclassification to Investment Property	(7 734 447)					(7 734 447)	-
Revaluation	-	-	-	3 114 073 639	-	3 114 073 639	-
Disposal	-	-	(76 121)	(399 991)	-	(476 112)	(3 349 149)
Cost	-	-	(148 676)	(868 036)	-	(1 016 712)	(4 851 318)
Accumulated depreciation	-	-	72 555	468 045	-	540 600	1 502 170
Depreciation charge for the year	(524 508 577)	(48 601 640)	(113 904 104)		(326 189)	(687 340 510)	(108 421 483)
Reclassification to Investment Property	1 047 999					1 047 999	
Revaluation - accumulated depreciation				173 457 384		173 457 384	
Closing carrying amount	10 548 660 630	521 289 729	399 394 563	4 068 854 971	555 415	15 538 755 308	12 287 462 741
Gross carrying amount	11 932 747 089	653 396 842	633 995 283	4 068 854 971	1 630 944	17 290 625 129	13 527 038 035
Accumulated depreciation	(1 384 086 459)	(132 107 113)	(234 600 720)		(1 075 529)	(1 751 869 821)	(1 239 575 295)

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Amounts in ZWL \$

5. Investment Property

	Inflation adjusted	Historical
	ZWL	ZWL
31 December 2023		
Carrying amount 01/01/2023	-	-
Gross carrying amount	-	-
Accumulated amortisation	-	-
Reclassification from PPE	7 734 447	1 609 541
Amortisation	(1 047 999)	(218 089)
Carrying amount 31/12/2023	6 686 448	1 391 452
Gross carrying amount	7 734 447	1 609 541
Accumulated amortisation	(1 047 999)	(218 089)

This is an error being rectified not a change in accounting policy hence it is accounted for prospectively.

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

		INFLATION ADJUSTED		HISTORICAL	
		Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
6	Inventory				
	Contraceptives	6 635 104 717	3 155 107 574	2 529 619 223	652 866 998
	Fuel	39 906 282	-	15 214 183	-
	Total	6 675 010 999	3 155 107 574	2 544 833 406	652 866 998
7	Trade and other receivables				
	Trade receivables	63 234 195	89 612 773	63 234 195	18 648 448
	Allowance for credit losses	(18 768 795)	(85 242 261)	(18 768 795)	(17 738 943)
	Net trade receivables	44 465 400	4 370 512	44 465 400	909 505
	Other receivables	50 873 646	34 905 600	50 873 646	7 263 867
	Total trade and other receivables	95 339 046	39 276 112	95 339 046	8 173 372
	Movements in allowance for credit losses				
	Opening balance for impairment of trade receivables	85 242 261	276 782 183	17 738 943	16 755 436
	Movement during the year	(66 473 466)	(191 539 922)	1 029 852	983 507
	Closing balance	18 768 795	85 242 261	18 768 795	17 738 943
8	Cash and cash equivalents				
	Cash at bank	791 147 442	315 997 704	791 147 442	65 759 228
	Cash on hand	7 276 867	869 244	7 276 867	180 890
		798 424 309	316 866 948	798 424 309	65 940 118
9	Provisions				
	Leave pay provision	57 060 982	248 855 140	57 060 982	51 786 838
10	Trade and other payables				
	Trade payables	33 005 648	52 046 874	33 005 648	10 830 972
	Other creditors	339 517 561	200 183 474	339 517 561	41 658 248
	Payroll	3 037 641	7 235 375	3 037 641	1 505 684
		375 560 850	259 465 723	375 560 850	53 994 904

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	INFLATION ADJUSTED		HISTORICAL	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
11 Deferred income				
Carrying amount of donated assets	865 973	21 173 214	865 973	4 406 153
<i>Deferred Income reconciliation</i>				D
<i>Opening balance</i>	21 173 215	92 439 174	4 406 153	5 595 947
<i>additions</i>	-	7 887 628	-	1 641 418
<i>Less amortization</i>	(20 307 242)	(79 153 587)	(3 540 180)	(2 831 212)
Closing balance	865 973	21 173 215	865 973	4 406 153
12 Revenue				
Canteen food sales	144 037 678	88 554 874	97 274 803	10 872 251
Contraceptives sales	6 937 130 638	2 912 859 958	4 321 125 523	357 623 957
Drug sales	47 423 410	18 908 360	26 979 164	2 321 458
Medical fees	455 002 654	210 880 972	264 570 032	25 890 736
Papsmear	151 046 749	45 649 653	95 418 685	5 604 598
HIV testing	5 454 254	1 978 868	3 699 772	242 954
Training	219 728 984	177 959 339	84 386 899	21 848 810
	7 959 824 367	3 456 792 024	4 893 454 878	424 404 764
13 Other income				
Accommodation	330 242 926	142 348 286	191 105 455	23 239 192
Commission receivable	-	721 887	-	117 852
Profit on disposal	-	13 479 738	-	2 200 646
Other sundry income	204 024 464	88 175 120	129 538 163	14 395 105
Deferred income amortized	11 653 387	7 287 917	4 502 372	1 189 795
Exchange rate gain / loss	372 177 173	137 374 628	305 182 088	22 427 213
Bad debts recovered	1 320 000	-	1 320 000	-
Rental income	521 160 721	153 244 299	345 479 117	25 018 030
	1 440 578 671	542 631 875	977 127 195	88 587 833
14 Government grants				
Revenue grant	15 077 623 871	8 321 893 297	12 497 326 400	1 486 006 123
15 Donations				
Contraceptive donations	4 294 386 487	3 155 107 574	2 453 073 691	526 113 029
16 Operating expenses				
Canteen	118 799 428	84 585 539	78 107 116	10 550 252
Clinical	1 076 453 581	72 390 825	665 187 219	9 029 220
Hostel	27 902 478	9 974 386	10 637 759	1 244 093
Transport and distribution	10 557 550	-	4 025 043	-
	1 223 155 487	166 950 750	757 957 137	20 823 565

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	INFLATION ADJUSTED		HISTORICAL	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
17 Administration expenses				
Accessories	56 567 434	19 899 415	29 788 436	2 468 919
Advertising and promotions	394 126 400	226 710 293	248 369 151	28 127 931
Audit fees	93 057 496	41 286 406	66 905 644	8 591 715
Autoclaving	16 600 574	16 088 014	13 847 544	1 996 039
Bank charges	209 737 068	139 531 294	104 217 848	17 311 638
Transfer tax	107 264 936	89 709 236	76 510 754	11 130 219
Board members' allowances	116 773 299	33 473 382	79 803 237	4 153 040
Consultancy	4 731 148	8 763 210	3 806 662	1 087 251
Consumables	152 517 124	69 732 223	88 847 397	8 651 672
Depo holder allowances	16 922 471	5 337 089	13 532 310	662 172
Peer educator allowance	86 112 598	26 017 546	62 104 141	3 227 995
Depreciation	687 340 510	108 421 483	35 612 540	13 451 846
Electricity	233 982 861	86 473 359	141 598 830	10 728 744
Food subsidy	48 258 658	49 133 823	25 513 988	6 096 030
Fuels and oils	770 674 640	440 577 076	327 648 693	54 662 368
Refreshments	101 477 476	42 843 771	65 670 765	5 315 624
Garden & General expenses	9 642 247	6 944 842	4 924 336	861 646
Increase in allowance for credit losses	(66 473 466)	(191 539 922)	1 029 852	983 507
Insurance	134 002 227	95 612 297	81 593 751	11 862 611
Internet	264 298 876	96 550 234	163 205 300	11 978 981
Legal fees	47 870 671	31 331 497	38 857 602	3 887 297
Licenses other	113 300 541	32 891 807	72 401 034	4 080 884
Licenses motor vehicles	32 721 015	17 836 247	17 001 941	2 212 942
Literature	2 586 598	601 042	1 227 040	74 571
Loss on disposal of property, plant and equipment	476 112	-	100 143	-
Meetings and conferences	208 245 803	139 292 121	118 842 936	17 281 964
Postage	19 964 752	12 975 625	10 138 021	1 609 885
Telephones	52 371 954	27 558 798	31 415 512	3 419 218
Printing and stationery	239 603 101	127 898 247	131 229 594	15 868 327
Water and rates	544 749 235	267 113 635	372 116 091	33 140 771
Repairs and maintenance	868 299 883	334 462 720	590 955 669	41 496 767
Security	4 683 581	3 867 625	3 518 540	479 856
Staff development	10 905 738	40 109 340	5 419 814	4 976 363
Staff uniforms	127 451 559	143 783 339	75 420 621	17 839 189
Subscriptions	102 094 071	35 554 623	31 975 257	4 411 260
Travelling and subsistence	1 506 637 218	837 329 291	995 268 850	103 887 389
	7 319 576 409	3 464 171 028	4 130 419 844	458 016 631

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	INFLATION ADJUSTED		HISTORICAL	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
18 Payroll costs				
Basic pay	663 132 785	1 120 925 451	522 859 370	191 635 280
Funeral assistance	26 632 273	-	15 644 252	-
Transport allowance	31 459 901	139 946 375	26 243 951	22 573 574
Housing allowance	37 235 172	157 415 001	31 060 111	25 398 255
Domestic worker allowance	-	99 870	-	10 383
Uniform allowance	57 450 597	901 849	47 660 592	93 760
Pension contributions	27 525 721	140 673 851	22 960 870	25 255 990
NSSA contributions	16 683 100	55 105 713	13 916 383	9 017 932
Medical aid	524 026 912	472 649 508	437 122 574	76 030 298
Fuel Allowance	430 895 862	1 064 607	251 551 379	110 681
Cellphone Allowance	21 385 543	19 046 144	14 411 597	1 980 114
Representation allowance	5 699 840	12 788 865	3 462 911	1 717 997
Motor Vehicle allowance	1 368 142	4 000 508	1 141 250	415 909
Post basic allowance	39 867 327	1 463 727	33 255 751	154 677
Medical allowance	9 114 260	38 572 888	7 602 756	6 217 466
Special civil service allowance	59 740 772	225 161 370	49 833 395	37 591 159
Nurse managers allowance	225 269 139	73 439 113	187 910 627	14 881 544
Special health allowance	25 452 558	11 468 165	21 231 520	2 113 665
Cushion allowance	5 676 433 637	1 347 496 826	4 735 056 962	280 414 541
Covid 19 risk allowance	6 868 006 086	3 400 501 278	5 728 420 914	623 399 310
Bonus	694 534 830	653 820 258	579 117 758	120 668 256
Other benefits	557 370 636	401 990 300	370 772 617	42 556 858
Cash in lieu of leave	7 510 782	308 419 508	5 883 158	32 079 413
	16 006 795 875	8 586 951 175	13 107 120 698	1 514 317 062
19 Related party transactions				
The remuneration of directors and other key management personnel during the period under review were as follows:				
19.1 Non - executive directors				
Chairman	47 525 641	7 950 035	21 209 229	986 360
Vice Chairman	27 563 409	7 445 735	12 300 700	923 792
Other Board members	103 734 047	18 077 611	46 293 308	2 242 888
Board fees	178 823 097	33 473 381	79 803 237	4 153 040
19.2 Key management staff				
Short term benefits				
Executive director	202 197 970	2 954 041	90 235 722	338 495
Directorate (other than executive director)	256 120 264	6 793 785	114 298 580	778 480
Senior managers	889 683 169	8 129 434	397 037 177	931 528
	1 348 001 403	17 877 260	601 571 479	2 048 503

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

20 Risk Management

20.1 Credit risk management

Credit risk is the risk that counterparty will not meet its obligation under a financial investment leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities including deposits with banks and financial institutions and other instruments.

Financial assets that potentially subject the entity to concentration of credit risk consist of amounts receivables and cash. The entity's cash and cash equivalents are placed with high credit quality financial institutions.

20.2 Interest rate risk management

The council has adopted a non-speculative policy on managing interest rate risk. Only approved financial institutions with sound capital bases are used to borrow funds and to invest surplus funds.

20.3 Liquidity risk management

Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates.

21 Pension arrangement

21.1 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.

21.2 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 : 4,5% of monthly basic salary

Council : 4,5% of monthly basic salary

Amount charged through the income statement during the period under review amounted to ZWL 13,916,383 (historical cost).

ZIMBABWE NATIONAL FAMILY PLANNING COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

22 **Going Concern**

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

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

23 **Subsequent events**

On the 5th of April 2024, the Government of Zimbabwe issued Statutory Instrument 60 of 2024, introducing a new currency, the Zimbabwe Gold (ZWG), and replacing the Zimbabwe Dollar (ZWL). According to the Statutory Instrument, for accounting and other purposes (including the discharge of financial or contractual obligations), all assets and liabilities that were, immediately before the effective date, valued and expressed in Zimbabwe Dollars, shall be deemed to values in ZWG by applying an exchange rate of ZWL 2498.7242: ZWG 1 as at 5 April 2024.

Prior to its replacement by the ZWG, ZWL was the functional and presentation currency of the entity. The replacement of the ZWL by the ZWG implies that the entity will have to reassess its functional currency and choose a new presentation currency going forward. Management have accounted for the replacement of the ZWL by the ZWG as a non-adjusting event after the reporting period. Entity has made an assessment of events after the reporting date and up to the date of approval of financial statements not significant event warranting disclosures or adjustment have been noted.