ADVISORY · AUDIT · TAX · ACCOUNTING

Sports and Recreation Commission

Financial statements

for the year ended 31 December, 2020

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General Information

Country of incorporation and domicile	Zimbabwe
Nature of business and principal activities	The Commission coordinates, controls and develops the activities of sport and recreation, to ensure proper administration of organisations undertaking the promotion of sports and recreation and to authorise national and international sporting and recreation activities.
Commissioners	Mr Gerald Mlotshwa- Chairperson Dr Allen Chiura Ms Colleen de Jong Ms Gail Van Jaarsveldt Ms Karen Mutasa Mr Nigel Munyati Mr Titus I. Zvomuya Mr Sebastain Garikai - Acting Director General (ex officio)
Registered office	National Sports Stadium Samora Machel Avenue West HARARE
Bankers	CBZ Bank Limited 60 Kwame Nkrumah Avenue HARARE
Auditors	Baker Tilly Chartered Accountants (Zimbabwe) Unit D & H Block 1 Celestial Park, Borrowdale Road, Borrowdale HARARE
Legal advisors	Gill, Godlonton and Gerrans Legal Practitioners Beverly Court Building, Cnr Nelson Mandela/Fourth Street HARARE

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Commissioners' Responsibilities and Approval

The Commissioners are required in terms of the Sports and Recreation Commission Act [Chapter 25:15] to maintain 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 Commission 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 judgements and estimates.

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

The Commissioners 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 Commissioners are satisfied that the organisation has or had access to adequate resources to continue in operational existence for the foreseeable future. Commissioners and Management have been unable to produce financial statements which in their view would be true and fair due to functional currency related issues highlighted in the accompanying audit report. We therefore, urge users of the financial statements to exercise due caution.

The External Auditors are responsible for independently auditing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on pages 4 to 8.

The financial statements set out on pages 9 to 24, which have been prepared on the going concern basis, were approved by the board of Commissioners on .....31 March 2022..... and were signed on their behalf by:

Chairperson

Acting Director General

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Sports and Recreation Commission

Report on the Audit of the Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Sports and Recreation Commission as set out on pages 9 to 24 which comprise the inflation adjusted statement of financial position as at 31 December 2020, the inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity, inflation adjusted statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes to the financial statements as set out on pages 9 to 24

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, the statement of financial position of Sports and Recreation Commission as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the by the Sports and Recreation Act [Chapter 25:15]

Basis for Adverse Opinion

1. **Impact of prior year Non-Compliance with International Accounting Standard IAS 21 – *The Effect of Changes in Foreign Exchange Rates***

For the financial year ended 31 December 2019 an adverse opinion was issued due to the non-compliance with the requirements of IAS 21 – The effect of changes in Foreign exchange rates. Non-compliance with IAS 21 arose from the fact that Statutory Instrument 33 of 2019 is inconsistent with IAS 21. Sports and Recreation Commission elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/99) which was issued on 20 February 2019. The entity was guided by Statutory Instrument 41 of 2019 (SI 41/19) which states that in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence.

The opening balances for the 31 December 2020 financial year had a co-mingling of currencies and were affected by the following prior period events:

- During the period 1 January 2019 to 21 February 2019 the financial statements of the entity included balances and transactions denominated in US$ that were converted to local currency (ZWL) using an exchange of 1:1 in compliance with Statutory Instrument 33 of 2019 (SI 33/19). We believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: USD exchange rate. The use of the 1:1 exchange rate thereby constitutes a departure from the requirements of IAS 21 – The effect of changes in Foreign exchange rates.

- On 22 February 2019, the entity changed its functional currency from USD to local currency, all balances that were previously denominated in USD were translated into local currency using an exchange of 1:1 in compliance with SI 33/19. This constitutes a material departure from the requirements of IAS 21 which requires the use of market exchange rates when translating figures from one currency to another.

- Figures that were previously reported as USD prior to 1 January 2019 were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used do not represent the true market exchange rate that existed in comparative year in terms of IAS 21.

The effects of misstatements due to non-compliance with IAS 21 on prior year financial statements and opening balances have not been quantified.

2. Completeness of Contingent liabilities, assets , provisions and liabilities

We could not obtain a legal confirmation from Gill, Godlonton & Gerrans legal practitioners to confirm any pending, unasserted or threatened litigation claims and any contractually assumed obligations of the organisation such as guarantees of indebtedness of others. There were no alternative procedures that we could have performed to obtain reasonable assurance on this.

Emphasis of Matter- The COVID-19 Pandemic

We draw attention to Note 30.1 of the inflation adjusted financial statements which brings attention to users of financial statements, the impact of the COVID-19 pandemic. There are uncertainties in relation to possible effects and impacts of the COVID 19 pandemic to the entity's operations in future. Our audit opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted financial statements of the current year. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters. These matters were addressed in the context of our audit of the financial statements as a whole. Our opinion on the inflation adjusted financial statements is not modified with respect to any of the key audit matters described below, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
Hyperinflation Accounting (High risk area and significant judgement)	
For Following Public Accountants and Auditors Board ("PAAB") designation of Zimbabwe as hyperinflationary economy, the Commission applied the IAS 29 – *Financial Reporting In Hyperinflationary*	We obtained an understanding of the Commission's process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others:

Key Audit Matter	How our audit addressed the key audit matter
Economies. Hyperinflationary accounting was determined to be a matter of most significance to the audit due to the complexity and subjectivity relating to the application of the Standard. IAS 29 requires significant judgments to be made by management considering the guidelines provided in the standard. The Commission's accounting policy on hyperinflation accounting is disclosed on Note 1	• We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry report and our own understanding of the economy; • We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources). • We tested the source data used by agreeing it to supporting schedules. • We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and; • We tested restatement of the statement of financial position and income statement items for correct restatement in terms of IAS 29. • We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29. We found that the inflation adjusted financial statements have been properly restated in terms of IAS 29 except for issues raised in the Basis for Qualified Opinion above.

Responsibilities of the commissioners for the Financial Statements

The commissioners are responsible for the preparation and fair presentation of the financial statements in accordance with the organisation's basis of accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that is free from material misstatement whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the organisation'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 organisation or cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

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

estimates and related disclosures made by the commissioners.

- Conclude on the appropriateness of the commissioners' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission'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 the auditor's report. However, future events or conditions may cause the commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the inflation adjusted financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for the audit opinion.

We communicate with the commissioners 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 the commissioners with a statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the Commissioners, we determine those matters that were significant in the audit of the inflation adjusted financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' 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 Other Legal and Regulatory Requirements

Sports and Recreation Act [Chapter 25:15]
In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Sports and Recreation Act [Chapter 25:15].

Baker Tilly

Partner: Fungai Nyagwaya
PAAB Practising Number: 0477
Baker Tilly Chartered Accountants (Zimbabwe)
Celestial Office Park, Unit D & H Block,
Borrowdale Road,
Borrowdale Harare

Date: ...11.../.....05...../..2022

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Statement of Financial Position

as at		**Inflation Adjusted**		**Historical**	
		Dec 31, 2020	**Dec 31, 2019**	**Dec 31, 2020**	**Dec 31, 2019**
ASSETS	**Note**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Non-Current Assets					
Property, plant and equipment	3	8 334 545	4 525 031	632 308	315 797
Current Assets					
Trade and other receivables	4	142 344	493	142 344	110
Cash & cash equivalents	5	3 334 217	12 969 260	3 334 217	2 891 145
Total Assets		3 476 561	12 969 753	3 476 561	2 891 255
		11 811 106	**17 494 784**	**4 108 869**	**3 207 052**
Equity and Liabilities					
Equity					
Reserves		12 905 594	12 905 594	491 181	491 181
Accumulated losses		(4 945 571)	(10 069 395)	(233 395)	(551 863)
		7 960 023	2 836 199	257 786	(60 682)
Liabilities					
Current liabilities					
Trade and other payables	6	3 851 083	6 884 167	3 851 083	1 534 638
Deferred Revenue		-	7 603 527	-	1 695 000
Lease Liabilities	12,1	-	170 891	-	38 096
Total Equity and Liabilities		3 851 083	14 658 585	3 851 083	3 267 734
		11 811 106	**17 494 784**	**4 108 869**	**3 207 052**

Chairperson

Date 31/03/2022

Acting Director General

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Statement of Profit or Loss and Other Comprehensive Income

for the year ended	Note	Inflation Adjusted Dec 31, 2020 ZWL$	Inflation Adjusted Dec 31, 2019 ZWL$	Historical Dec 31, 2020 ZWL$	Historical Dec 31, 2019 ZWL$
Revenue	7	**44 523 231**	**56 035 863**	**28 608 016**	**7 879 537**
Other operating income	8	**1 036 860**	**586 272**	**991 338**	**92 796**
Operating expenses	9	**(46 028 049)**	**(82 876 825)**	**(30 377 885)**	**(7 850 345)**
Operating profit/(loss)		**(467 959)**	**(26 254 690)**	**(778 531)**	**121 988**
Net exchange gains		1 885 889	2 843 018	1 085 833	**547 717**
Net monetary gains/(loss)		3 697 151	46 570 179	-	-
Profit/(loss) before interest		**5 115 082**	**23 158 507**	**307 302**	**669 705**
Net Interest (expense)/Income	10	8 742	(108 672)	11 166	(4 945)
Profit/(loss) for the year		**5 123 824**	**23 049 836**	**318 468**	**664 760**
Other comprehensive income:					
Items that will or may be reclassified to profit or loss		-	-	-	-
Total comprehensive income/ (loss) for the year		**5 123 824**	**23 049 836**	**318 468**	**664 760**

Statement of Changes in Equity

INFLATION ADJUSTED	Capital reserves ZWL$	Accumulated Losses ZWL$	Total ZWL$
Balance at January 01, 2019	13 686 222	(33 899 859)	(20 213 637)
Profit for the year	-	23 049 836	23 049 836
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	23 049 836	23 049 836
Elimination of revaluation reserve	(780 628)	780 628	-
Balance at December 31, 2019	12 905 594	(10 069 395)	2 836 199
Profit for the period	-	5 123 824	5 123 824
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5 123 824	5 123 824
Balance at December 31, 2020	12 905 594	(4 945 571)	7 960 023

HISTORICAL	Capital reserves ZWL	Accumulated Losses ZWL	Total ZWL
Balance at January 01, 2019	491 181	(1 216 623)	(725 442)
Profit for the year	-	664 760	664 760
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	664 760	664 760
Balance at December 31, 2019	491 181	(551 863)	(60 682)
Profit for the period	-	318 468	318 468
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	318 468	318 468
Balance at December 31, 2020	491 181	(233 395)	257 786

Statement of Cash Flows

for the period ended	Note	Inflation Adjusted Dec 31, 2020 ZWL$	Inflation Adjusted Dec 31, 2019 ZWL$	Historical Dec 31, 2020 ZWL$	Historical Dec 31, 2019 ZWL$
Cash flows from operating activities					
Net cash (used in)/generated from operations	11	**(5 237 634)**	**34 629 738**	**907 407**	**3 088 362**
Cash flows from investing activities					
Purchase of property, plant & equipment	3	(651 728)	(255 915)	(424 309)	(192 232)
Proceeds from sale of property & equipment		-	41 438	-	5 250
Net cash (used in)/generated from investing activities		**(651 728)**	**(214 477)**	**(424 309)**	**(186 982)**
Cash flows from financing activities					
Repayment of lease liabilities		(95 260)	(785 520)	(40 026)	(53 367)
Net cash repaid in financing activities		**(95 260)**	**(785 520)**	**(40 026)**	**(53 367)**
Inflation effect on cash and cash equivalent		**(3 650 423)**	**(21 862 306)**	-	-
Net (decrease) / increase in cash and cash equivalent		**(9 635 044)**	**11 767 435**	**443 072**	**2 848 013**
Cash and cash equivalents at the beginning of the year		12 969 260	1 201 825	2 891 145	43 132
Cash and cash equivalents at end of the year	**5**	**3 334 217**	**12 969 260**	**3 334 217**	**2 891 145**

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and Sports and Recreation Act [Chapter 25:15]. The financial statements have been prepared on the historical cost basis, and restated to take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. The financial statements have been presented in Zimbabwe Dollars ('ZWL'), being the functional and presentation currency.

1.1 Basis of preparation

Functional currency

The Commission is operating in an environment which has witnessed significant monetary and exchange control policy changes.

These policies include the Exchange control Directive RV 175/2020 which introduced the Foreign Exchange Auction trading system which became operational with effect from 23 June 2020 and the Statutory Instrument (SI) 85 of 2020 which authorized the use of free-funds in paying for goods and services.

Given the context of the environment, Commissioners have assessed if there has been a change in the functional currency used by the Commission.

The assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency.

In doing so management considered parameters set in IAS 21 as follows:

- The currency that mainly influences the sales prices for goods and services.
- The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services.
- The currency that mainly influences labour, material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled).
- The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

In light of the developments summarised above and guidance from IAS 21, the Commissioners concluded that the Commission's functional currency remain the Zimbabwe dollar (ZWL$) as presented in the prior year financial statements and all values are rounded to the nearest ZWL$ except when otherwise indicated.

Accounting Policies (continued)

1.2 Application of IAS 29 (Financial Reporting in Hyperinflationary

These financial results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

The Commission adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate.

The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
31 December 2020	2 474.5	1.00
31 December 2019	551.6	4.486

The procedures applied in the above restatement of transactions and balances are as follows:

- All comparative figures as at end of the period 31 December 2019 were restated by applying the change in the index from the date of last re-measurement to 31 December 2020.
- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet and components of equity reserves were restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2020. Property and equipment is restated by applying the change in the index from the date of transaction to 31 December 2020.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. Depreciation and amortisation amounts are based on the restated costs or carrying amounts.
- Income statement items/transactions, except for depreciation and amortisation charges explained above, are restated by applying the monthly index for the year ended 31 December 2020.
- Gains and losses arising from the net monetary position are included in the statement of profit or loss and in the statement of cash flows as non-cash items.
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.
- The inflation effects on cash and cash equivalents were shown separately in the Cash Flow Statement. The Commission considered the broad objectives of IAS 29 and IAS 7 to appropriately present and disclose the effects of inflation on cash and cash equivalents.

Accounting Policies (continued)

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the organisation holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the organisation, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

The revaluation reserve in equity related to a specific item of property, plant and equipment and is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which its economic benefits are consumed by the organisation. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that it is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	40 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	10 years
IT equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

Accounting Policies (continued)

1.3 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the organisation are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the organisation, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 5 Trade and other receivables presents the financial instruments held by the organisation based on their specific classifications.

Accounting Policies (continued)

1.4 Financial instruments (continued)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the organisation are presented below:

Trade and other receivables

Classification

Trade and other receivables are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the organisation's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the organisation becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The organisation recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

1.5 Impairment of assets

The organisation assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the organisation estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the organisation also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

Accounting Policies (continued)

1.5 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 Provisions and contingencies

Provisions are recognised when:

- the organisation has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.8 Revenue

IFRS 15 "Revenue from Contracts with Customers" is a principle-based model of recognizing revenue from customer contracts. It has a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer at an amount that the organisation expects to be entitled for the exchange of these goods allocated to each specific performance obligation.

The organisation recognizes revenue based on the consideration to which it expects to be entitled in a contract with a customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services sold in the normal course of business.

A receivable is recognised by the organisation when the goods are collected by or delivered to the customer as appropriate, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2. Changes in accounting policy

Except as described below, the accounting policies applied in these financial results are the same as those applied in the Comission's Financial Statements as at and for the year ended 31 December 2019.

The details of changes in accounting policies are disclosed below:

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

3

Property, plant and equipment

	INFLATION ADJUSTED					
	FY 2020			FY 2019		
	Cost or revaluation ZWL$	Accumulated depreciation ZWL$	Carrying value ZWL$	Cost or revaluation ZWL$	Accumulated depreciation ZWL$	Carrying value ZWL$
Buildings	1 950 470	(117 350)	**1 833 120**	1 950 470	(101 645)	**1 848 825**
Furniture & Fittings	4 428 109	(4 273 508)	**154 601**	4 379 598	(4 224 631)	**154 967**
Motor Vehicles	1 056 513	(629 023)	**427 490**	675 571	(582 196)	**93 375**
Office Equipment	1 708 305	(1 501 999)	**206 306**	1 610 765	(1 478 203)	**132 562**
Computer Equipment	8 240 936	(2 571 957)	**5 668 979**	3 026 295	(2 405 006)	**621 289**
Other Fixed Assets	397 110	(353 061)	**44 049**	386 610	(343 972)	**42 638**
Right-of-Use Asset	1 420 815	(1 420 815)	**-**	2 336 734	(705 359)	**1 631 375**
Total	**19 202 258**	**(10 867 713)**	**8 334 545**	**14 366 043**	**(9 841 012)**	**4 525 031**

Reconciliation of property, plant and equipment - 31 Dec 2020

	Opening balance ZWL$	**Additions ZWL$**	**Disposals ZWL$**	**Depreciation ZWL$**	**Total ZWL$**
Buildings	**1 835 234**	-	-	(2 114)	**1 833 120**
Furniture & Fittings	**114 039**	48 511	-	(7 949)	**154 602**
Motor Vehicles	**67 224**	376 295	-	(16 029)	**427 490**
Office Equipment	**178 033**	32 273	-	(4 001)	**206 305**
Computer Equipment	**5 568 345**	184 149	-	(83 515)	**5 668 979**
Other Fixed Assets	**35 007**	10 500	-	(1 457)	**44 050**
Right-of-Use Asset	**85 539**	-	-	(85 539)	**-**
Total	**7 883 420**	**651 728**	**-**	**(200 603)**	**8 334 545**

Reconciliation of property, plant and equipment - 31 Dec 2019

	Opening balance ZWL$	**Additions ZWL$**	**Disposals ZWL$**	**Depreciation ZWL$**	**Total ZWL$**
Buildings	**1 864 043**	-	-	(15 218)	**1 848 824**
Furniture & Fittings	**200 797**	-	-	(45 830)	**154 967**
Motor Vehicles	**90 441**	36 870	-	(33 936)	**93 375**
Office Equipment	**121 026**	31 786	-	(20 250)	**132 562**
Computer Equipment	**569 096**	187 259	(39 803)	(95 263)	**621 288**
Other Fixed Assets	**51 184**	-	-	(8 546)	**42 638**
Right-of-Use Asset	**2 336 734**	-	-	(705 359)	**1 631 376**
Total	**5 233 321**	**255 915**	**(39 803)**	**(924 402)**	**4 525 031**

Notes (continued)

3 Property, plant and equipment

	HISTORICAL					
	FY 2020			FY 2019		
	Cost or revaluation ZWL$	Accumulated depreciation ZWL$	Carrying value ZWL$	Cost or revaluation ZWL$	Accumulated depreciation ZWL$	Carrying value ZWL$
Buildings	70 000	(5 170)	**64 830**	70 000	(4 136)	**65 864**
Furniture & Fittings	169 728	(157 126)	**12 602**	157 178	(153 085)	**4 093**
Motor Vehicles	374 424	(35 393)	**339 031**	24 412	(21 999)	**2 413**
Office Equipment	68 500	(56 033)	**12 467**	60 151	(53 762)	**6 389**
Computer Equipment	337 296	(139 640)	**197 656**	289 148	(89 307)	**199 841**
Other Fixed Assets	19 125	(13 403)	**5 722**	13 875	(12 619)	**1 256**
Right-of-Use Asset	83 862	(83 862)	-	83 862	(47 921)	**35 941**
Total	**1 122 935**	**(490 628)**	**632 308**	**698 626**	**(382 829)**	**315 797**

Reconciliation of property, plant and equipment - 31 Dec 2020

	Opening balance ZWL$	Additions ZWL$	Disposals ZWL$	Depreciation ZWL$	Total ZWL$
Buildings	**65 864**	-	-	(1 034)	**64 830**
Furniture & Fittings	**4 093**	12 550	-	(4 041)	**12 602**
Motor Vehicles	**2 413**	350 012	-	(13 394)	**339 031**
Office Equipment	**6 389**	8 349	-	(2 271)	**12 468**
Computer Equipment	**199 841**	48 148	-	(50 333)	**197 656**
Other Fixed Assets	**1 256**	5 250	-	(785)	**5 722**
Right-of-Use Asset	**35 941**	-	-	(35 941)	-
Total	**315 797**	**424 309**	**-**	**(107 798)**	**632 308**

Reconciliation of property, plant and equipment - 31 Dec 2019

	Opening balance ZWL$	Additions ZWL$	Disposals ZWL$	Depreciation ZWL$	Total ZWL$
Buildings	**66 898**	-	-	(1 034)	**65 864**
Furniture & Fittings	**7 207**	-	-	(3 114)	**4 093**
Motor Vehicles	**3 246**	1 490	-	(2 323)	**2 413**
Office Equipment	**4 343**	3 483	-	(1 437)	**6 389**
Computer Equipment	**20 424**	187 259	(1 428)	(6 413)	**199 841**
Other Fixed Assets	**1 837**	-	-	(581)	**1 256**
Right-of-Use Asset	**83 862**	-	-	(47 921)	**35 941**
Total	**187 817**	**192 232**	**(1 428)**	**(62 823)**	**315 797**

Notes (continued)

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL
4 Trade and other receivables				
Financial instruments:				
Trade receivables	196 130	264 146	196 130	58 884
Loss allowance	(53 786)	(263 653)	(53 786)	(58 774)
Trade receivables at amortised cost	142 344	493	142 344	110
Total trade and other receivables	142 344	493	142 344	110
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	196 130	264 146	196 130	58 884
5 Cash and cash equivalents				
Short-term deposits	-	101 260	-	22 573
Cash on hand and Bank balances ZWL	3 140 429	11 857 670	3 140 429	2 643 346
Cash on hand and Bank balances USD	193 788	1 010 330	193 788	225 226
	3 334 217	12 969 260	3 334 217	2 891 145
6 Trade and other payables				
Financial instruments:				
Trade payables	407 507	4 809 456	407 507	1 072 138
Accrued leave pay	1 753 177	730 307	1 753 177	162 802
Statutory payments due	1 690 399	1 344 404	1 690 399	299 698
	3 851 083	6 884 167	3 851 083	1 534 638
7 Revenue				
Grants and donations	42 846 661	50 408 198	27 558 172	7 410 937
Entrance and annual levy	1 167 250	5 283 525	604 378	443 138
Registration and licencing fees	509 320	344 140	445 466	25 461
	44 523 231	56 035 863	28 608 016	7 879 537
8 Other operating income				
Sundry income	549 770	113 276	515 895	16 263
Sport admin courses	14 891	90 810	3 935	6 432
Stadium hire	17 054	-	16 363	-
Expected credit loss allowance	4 988	287 450	4 988	64 080
Reversal of provision	450 157	-	450 157	-
Profit on disposal	-	41 438	-	3 821
Fundraising income	-	53 297	-	2 200
	1 036 860	586 272	991 338	92 796

Notes (continued)

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL
9 Operating expenses				
Repairs and maintenance	942 213	2 290 719	489 029	169 430
Provincial administration expenses	454 067	418 055	327 558	36 968
Insurances and licences	1 175 582	1 164 260	619 800	93 951
IFT Tax	531 230	952 336	341 472	91 728
Fuel and oils	1 667 484	3 994 682	1 083 972	535 988
Consulting and professional fees - legal fees	54 106	947 397	31 600	94 298
Travel - local	88 190	499 860	41 288	242 466
Travel - foreign	-	1 315 445	-	18 239
Postage and communication	647 224	718 859	443 218	72 549
Bank charges	282 914	282 988	159 589	31 766
Levy collection expenses	8 823	225 596	2 478	21 658
Printing and stationery	254 700	215 638	109 474	12 007
Computer expenses	12 019	163 090	12 019	14 109
General expenses	88 688	4 750	22 265	449
Cleaning	255 797	47 685	129 867	3 207
Parking and tollgate fees	236	604	100	63
Hire	93 413	-	40 209	-
Subscriptions	102 434	-	26 500	-
Sundry expenses	22 399	11 522	22 148	885
Depreciation	200 603	924 402	107 798	62 823
Employment costs	23 543 832	16 726 255	15 796 370	1 375 310
Human Resources expense	506 595	1 242 115	211 799	159 154
Auditors remuneration - external auditors	286 781	190 672	253 727	8 487
Internal Audits	13 722	-	12 055	-
Sport development & governance expenses	436 190	1 924 019	290 039	224 869
Recreation development expenses	94 492	26 786	38 600	1 795
National Sport Strategy Planning expenses	-	1 104 961	-	114 756
National Games	5 269	6 682 550	1 363	582 672
Annual National Sport Awards expenses	5 385 958	3 575 218	1 349 162	148 988
Sport Training and Education	40 821	81 596	11 050	6 951
Africa Union Region 5 Games expenses	-	6 588 891	-	1 072 846
African Games	-	573 883	-	67 862
National Sport Association event expenses	-	28 693 971	-	2 414 525
Stadia Repairs & Maintenance	7 879 154	-	7 841 468	-
Marketing and exhibitions	303 740	147 880	179 747	11 184
Fundraising expenses	-	795	-	130
Board and Committee meetings	131 980	113 857	80 010	8 776
Commissioners' emoluments	517 394	1 025 486	302 110	149 456
	46 028 049	82 876 825	30 377 885	7 850 345
10 Net Interest Expense				
Interest Expense on Leases	(11 523)	(123 781)	(1 930)	(7 601)
Interest Income	20 265	15 109	13 096	2 656
	8 742	(108 672)	11 166	(4 945)

Notes (continued)

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL
11 Cash (used in)/generated from operations				
Profit/(loss) for the year	5 123 824	23 049 836	318 468	664 760
Adjustments for:				
Depreciation and amortisation	200 603	924 402	107 798	62 823
Profit on disposals	-	(41 438)	-	(3 821)
Expected credit loss allowance	(4 988)	(287 450)	(4 988)	(64 079)
Interest expense on leases	11 523	123 781	1 930	7 601
Cash generated from operations	**5 330 962**	**23 769 131**	**423 208**	**667 284**
Changes in working capital:				
Inventories	-	268	-	60
Trade and other receivables	68 015	286 965	(137 246)	63 971
Trade and other payables	(3 033 083)	2 969 848	2 316 445	662 047
Deferred revenue	(7 603 527)	7 603 527	(1 695 000)	1 695 000
Net cash (used in)/generated from operations	**(5 237 634)**	**34 629 738**	**907 407**	**3 088 362**

12 **IFRS 16 Leases - Transition Disclosure note**

The organisation adopted IFRS 16 using the modified retrospective method of adoption with the date of Initial Application of 1 January 2019. Under this method, the comparative information has not been restated and continues to be reported under IAS 17. On transition to IFRS 16, the organisation elected to apply practical expedient during the assessment of each transaction.

Leases classified as operating leases under IAS 17
At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the organisation's incremental rate as at 1 January 2019.

The organisation used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term and leases of low value assets.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL	Dec 31, 2020 ZWL	Dec 31, 2019 ZWL
12,1 **Lease Liability Maturity Analysis**				
Less than one year	-	170 891	-	38 096
More than one year	-	-	-	-
	-	**170 891**	**-**	**38 096**
12,2 **Amounts recognised in Income Statement for year ended 31 December 2020**				
Interest on Lease Liabilities	11 523	123 781	1 930	7 601
Expenses relating to short term leases	310 256	345 693	210 180	28 490
	321 779	**469 474**	**212 110**	**36 091**