

Sports and Recreation Commission

Financial statements

For the year ended 31 December, 2021

Sports and Recreation Commission
Financial statements
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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 Karen Mutasa Ms Gail Van Jaarsveldt 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

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

Index

Contents	Page
Commissioners' Responsibilities and Approval	3
Independent Auditor's Report	4 - 7
Statement of Financial Position	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 18
Notes to the Financial Statements	19 - 23

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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.

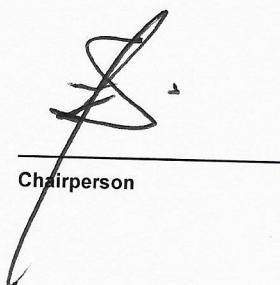
The Commissioners acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the Commissioners to meet these responsibilities, the Board of Commissioners 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.

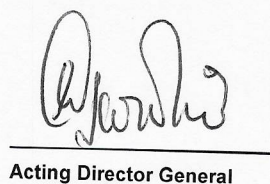
The Commissioners are satisfied that the organisation has or had access to adequate resources to continue in operational existence for the foreseeable future. Commissioners and Management have been unable to produce financial statements which in their view would be true and fair due to functional currency 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 06/10/2022 and were signed on their behalf by:



Chairperson



Acting Director General

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Sports and Recreation Commission

Report on the Audit of the Inflation Adjusted Financial Statements

Qualified Opinion

We have audited the inflation adjusted financial statements of Sports and Recreation Commission as set out on pages ... to ... which comprise the inflation adjusted statement of financial position as at 31 December 2021, 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 ... to ...

In our opinion, except for the matters discussed in the Basis for Qualified Opinion section of our report, the inflation adjusted financial statements present fairly, the statement of financial position of Sports and Recreation Commission as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Qualified Opinion

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

The basis for qualification is due to misstatements contained in the opening balance for retained earnings. The opening balances for 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL on the rate of 1:1 at the beginning of 2019. Additionally, transactions between 1 January 2019 and 21 February 2019 were recorded at the rate of 1:1 in compliance with SI 33/19. Although the evidence in the market suggested that there was no longer parity between the USD and "local currency" up to 21 February 2019, the Commissioners maintained an exchange rate of 1:1 in compliance with SI 33/19. This constituted a departure from the requirements of IAS 21.

As a result, the misstatements on the prior years' income statement are still carried forward in the current retained earnings balance.

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

We could not obtain a legal confirmation from Gill, Godlonton & Gerrans legal practitioners for financial year 2020 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
<p>Hyperinflation Accounting (High risk area and significant judgement)</p> <p>For Following Public Accountants and Auditors Board ("PAAB") designation of Zimbabwe as hyperinflationary economy, the Commission applied the IAS 29 – <i>Financial Reporting In Hyperinflationary Economies</i>.</p> <p>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.</p> <p>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</p>	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

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, 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: 28 / 11 / 2022

Sports and Recreation Commission
 Financial statements
 For the year ended 31 December, 2021

Statement of Financial Position

as at	Note	Inflation Adjusted		Historical	
		Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	4 252 659	2 333 808	3 174 402	632 308
Current Assets					
Trade and other receivables	4	1 446 747	225 002	1 446 747	142 344
Prepayments		15 706 593	-	15 706 593	-
Cash & cash equivalents	5	14 481 455	5 359 328	14 481 455	3 334 217
Total Assets		31 634 795	5 584 330	31 634 795	3 476 561
		35 887 454	7 918 138	34 809 197	4 108 869
Equity and Liabilities					
Equity					
Reserves		3 339 629	3 339 629	491 181	491 181
Accumulated losses		10 537 985	(1 607 816)	12 308 176	(233 395)
		13 877 614	1 731 813	12 799 357	257 786
Liabilities					
Current liabilities					
Trade and other payables	6	14 982 414	6 186 325	14 982 414	3 851 083
Related party payables		7 027 426	-	7 027 426	-
		22 009 840	6 186 325	22 009 840	3 851 083
Total Equity and Liabilities		35 887 454	7 918 138	34 809 197	4 108 869

Chairperson

Date

06/10/2022

Acting Director General

Sports and Recreation Commission
 Financial statements
 For the year ended 31 December, 2021

Statement of Profit or Loss and Other Comprehensive Income

for the year ended	Note	Inflation Adjusted		Historical	
		Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
Revenue	7	199 460 716	71 565 411	169 317 868	28 608 017
Other operating income	8	2 728 388	1 666 682	2 194 611	991 337
Operating expenses	9	(188 179 258)	(73 913 960)	(161 046 354)	(30 377 885)
Operating profit/(loss)		14 009 846	(681 867)	10 466 125	(778 531)
Net exchange gains		2 016 790	3 026 695	2 016 790	1 085 833
Net monetary gains/(loss)		(3 949 682)	(185 970)	-	-
Profit/(loss) before interest		12 076 954	2 158 858	12 482 915	307 302
Net Interest (expense)/Income	10	68 847	10 495	58 656	11 166
Profit/(loss) for the year		12 145 801	2 169 353	12 541 571	318 468
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Gain on non-current asset revaluations		-	-	-	-
Total comprehensive income/ (loss) for the year		12 145 801	2 169 353	12 541 571	318 468

Sports and Recreation Commission
 Financial statements
 For the year ended 31 December, 2021

Statement of Changes in Equity

INFLATION ADJUSTED	Capital reserves ZWL\$	Accumulated (Losses)/Profit ZWL\$	Total ZWL\$
Balance at January 01, 2020	3 541 635	(3 979 176)	(437 541)
Profit for the year	-	2 169 354	2 169 354
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2 169 354	2 169 354
Elimination of revaluation reserve	(202 006)	202 006	-
Balance at December 31, 2020	3 339 629	(1 607 816)	1 731 813
Profit for the period	-	12 145 801	12 145 801
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12 145 801	12 145 801
Balance at December 31, 2021	3 339 629	10 537 985	13 877 614

HISTORICAL	Capital reserves ZWL	Accumulated (Losses)/Profit ZWL	Total ZWL
Balance at January 01, 2020	491 181	(551 863)	(60 682)
Profit for the year	-	318 468	318 468
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	318 468	318 468
Balance at December 31, 2021	491 181	(233 395)	257 786
Profit for the period	-	12 541 571	12 541 571
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12 541 571	12 541 571
Balance at December 31, 2021	491 181	12 308 176	12 799 357

Sports and Recreation Commission
 Financial statements
 For the year ended 31 December, 2021

Statement of Cash Flows					
for the period ended	Note	Inflation Adjusted		Historical	
		Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
Cash flows from operating activities					
Net cash (used in)/generated from operations	11	11 540 499	3 284 006	14 081 073	907 407
Cash flows from investing activities					
Purchase of property, plan & equipment	3	(3 703 158)	(500 846)	(2 933 837)	(424 309)
Net cash (used in)/generated from investing activities		(3 703 158)	(500 846)	(2 933 837)	(424 309)
Cash flows from financing activities					
Repayment of lease liabilities		-	(175 402)	-	(40 026)
Net cash repaid in financing activities		-	(175 402)	-	(40 026)
Inflation effect on cash and cash equivalent		1 284 786	(18 094 861)	-	-
Total cash movement for the year		9 122 127	(15 487 103)	11 147 236	443 072
Cash and cash equivalents at the beginning of the year		5 359 328	20 846 431	3 334 217	2 891 145
Cash and cash equivalents at end of the year	5	14 481 455	5 359 328	14 481 453	3 334 217

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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 Commissioners considered, among others, 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); and
- 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.

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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 2021	3 977.5	1.00
31 December 2020	2 474.5	1.61

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 2020 were restated by applying the change in the index from the date of last re-measurement to 31 December 2021.
- 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 date 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 2021. Property and equipment is restated by applying the change in the index from the date of transaction to 31 December 2021.
- 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 2021.
- 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.

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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 Commission, 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 Commission. 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.

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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.

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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 Commission 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 Commission 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 Commission 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 Commission 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 Commissioners estimate the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Commissioners 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.

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

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 Commission 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.

1.7 Grants

IAS 20 "Government Grants" prescribes the accounting treatment of various government grants and other forms of government assistance together with their related disclosure requirements. Included in revenue are various government grants received either as compensation for costs already incurred or as immediate financial support, with no future related costs.

The Commission only recognises grants when there is reasonable assurance it will comply with the conditions attached to the grant and that the grant will be received. The grant is recognised as income over the period necessary to match it with the related costs for which it is intended to compensate, on a systematic basis.

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

Accounting Policies (continued)

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 Commission expects to be entitled for the exchange of these goods allocated to each specific performance obligation.

The Commission 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 Commission 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 Commission'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.

Sports and Recreation Commission
 Financial statements
 For the year ended 31 December, 2021

Notes

3	INFLATION ADJUSTED					
	FY 2021			FY 2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Property, plant and equipment						
Buildings	112 516	(9 644)	102 872	504 730	(33 218)	471 512
Furniture & Fittings	272 817	(255 721)	17 096	1 151 820	(1 116 591)	35 229
Motor Vehicles	601 839	(149 411)	452 428	567 528	(184 391)	383 137
Office Equipment	110 104	(92 877)	17 227	446 017	(394 073)	51 944
Computer Equipment	4 245 318	(590 397)	3 654 921	2 156 162	(778 183)	1 377 979
Other Fixed Assets	30 741	(22 627)	8 114	107 308	(93 301)	14 007
Right-of-Use Asset	134 798	(134 798)	-	483 027	(483 027)	-
	5 508 133	(1 255 474)	4 252 659	5 416 593	(3 082 785)	2 333 808

Reconciliation of property, plant and equipment - 31 Dec 2020	Opening balance	Additions	Revaluation Surplus	Depreciation	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Buildings	104 206	-	-	(1 334)
Furniture & Fittings	20 255	-	-	(3 160)	17 096
Motor Vehicles	544 949	-	-	(92 520)	452 428
Office Equipment	20 040	-	-	(2 813)	17 226
Computer Equipment	317 707	3 703 158	-	(365 943)	3 654 921
Other Fixed Assets	9 197	-	-	(1 083)	8 114
Right-of-Use Asset	-	-	-	-	-
	1 016 353	3 703 158	-	(466 853)	4 252 658

Reconciliation of property, plant and equipment - 31 Dec 2019	Opening balance	Additions	Disposals	Depreciation	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Buildings	474 910	-	-	(3 398)
Furniture & Fittings	29 511	18 495	-	(12 776)	35 230
Motor Vehicles	17 396	391 506	-	(25 765)	383 137
Office Equipment	46 070	12 304	-	(6 431)	51 943
Computer Equipment	1 440 941	71 277	-	(134 240)	1 377 978
Other Fixed Assets	9 059	7 264	-	(2 315)	14 008
Right-of-Use Asset	137 492	-	-	(137 492)	-
	2 155 379	500 846	-	(322 417)	2 333 808

Sports and Recreation Commission
 Financial statements
 For the year ended 31 December, 2021

Notes

3

Property, plant and equipment	HISTORICAL					
	FY 2021			FY 2020		
	Cost or revaluation ZWL\$	Accumulated depreciation ZWL\$	Carrying value ZWL\$	Cost or revaluation ZWL\$	Accumulated depreciation ZWL\$	Carrying value ZWL\$
Buildings	70 000	(6 204)	63 796	70 000	(5 170)	64 830
Furniture & Fittings	169 728	(159 454)	10 274	169 728	(157 127)	12 602
Motor Vehicles	374 424	(107 091)	267 333	374 424	(35 393)	339 031
Office Equipment	68 500	(58 188)	10 312	68 500	(56 032)	12 468
Computer Equipment	3 271 132	(453 341)	2 817 791	337 296	(139 640)	197 656
Other Fixed Assets	19 125	(14 228)	4 897	19 125	(13 403)	5 722
Right-of-Use Asset	83 862	(83 862)	-	83 862	(83 862)	-
	4 056 771	(882 369)	3 174 402	1 122 935	(490 627)	632 308

Reconciliation of property, plant and equipment - 31 Dec 2021	Opening balance	Additions	Disposals	Depreciation	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Buildings	64 830	-	-	(1 034)	63 796
Furniture & Fittings	12 602	-	-	(2 328)	10 274
Motor Vehicles	339 031	-	-	(71 698)	267 333
Office Equipment	12 467	-	-	(2 156)	10 311
Computer Equipment	197 656	2 933 837	-	(313 701)	2 817 791
Other Fixed Assets	5 721	-	-	(825)	4 897
Right-of-Use Asset	-	-	-	-	-
	632 307	2 933 837	-	(391 742)	3 174 402

Reconciliation of property, plant and equipment - 31 Dec 2020	Opening balance	Additions	Disposals	Depreciation	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	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)	12 467
Computer Equipment	199 841	48 148	-	(50 333)	197 656
Other Fixed Assets	1 256	5 250	-	(785)	5 721
Right-of-Use Asset	35 941	-	-	(35 941)	-
	315 797	424 309	-	(107 799)	632 307

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

Notes

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
4 Trade and other receivables				
Financial instruments:				
Trade receivables	1 635 582	311 456	1 635 582	196 130
Loss allowance	(188 835)	(86 454)	(188 835)	(53 786)
Trade receivables at amortised cost	1 446 747	225 002	1 446 747	142 344
Total trade and other receivables	1 446 747	225 002	1 446 747	142 344
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	1 635 582	311 456	1 635 582	196 130
5 Cash and cash equivalents				
Short-term deposits	-	-	-	-
Cash on hand and Bank balances ZWL	5 726 252	5 047 839	5 726 252	3 140 429
Cash on hand and Bank balances USD	8 755 203	311 489	8 755 203	193 788
	14 481 455	5 359 328	14 481 455	3 334 217
6 Trade and other payables				
Financial instruments:				
Trade payables	10 119 603	651 216	10 119 603	407 507
Accrued leave pay	4 690 474	2 818 009	4 690 474	1 753 177
Statutory payments due	172 337	2 717 100	172 337	1 690 399
	14 982 414	6 186 325	14 982 414	3 851 083
7 Revenue				
Grants and donations	198 390 120	68 870 538	168 418 652	27 558 172
Entrance and annual levy	343 920	1 876 205	313 493	604 378
Registration and licencing fees	726 676	818 668	585 723	445 467
	199 460 716	71 565 411	169 317 868	28 608 017
8 Other operating income				
Sundry income	559 338	1 607 256	390 652	515 895
Sport admin courses	-	23 996	-	3 935
Stadium hire	2 304 098	27 413	1 939 007	16 363
Expected credit loss allowance	(135 048)	8 017	(135 048)	4 987
Reversal of provision	-	-	-	450 157
	2 728 388	1 666 682	2 194 611	991 337

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2021

Notes

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
9 Operating expenses				
Repairs and maintenance	2 583 422	1 523 899	2 051 508	489 029
Provincial administration expenses	884 943	725 945	709 340	327 558
Insurances and licences	884 585	1 880 186	645 525	619 800
IFT Tax	2 934 402	853 884	2 531 919	341 472
Fuel and oils	9 778 680	2 680 267	8 811 773	1 083 972
Consulting and professional fees - legal fees	-	86 968	-	31 600
Travel - local	1 891 529	145 733	1 533 006	41 288
Travel - foreign	32 457	-	29 017	-
Postage and communication	2 656 150	1 040 087	2 118 007	443 218
Bank charges	2 113 798	426 733	1 136 939	159 589
Levy collection expenses	212 199	14 182	197 490	2 478
Printing and stationery	308 440	409 398	244 552	109 474
Computer expenses	393 420	19 319	349 713	12 019
General expenses	-	142 555	-	22 265
Cleaning	263 534	411 161	180 641	129 867
Parking and tollgate fees	661	379	661	100
Hire	-	150 150	-	40 209
Subscriptions	149 573	164 650	120 000	26 500
Sundry expenses	162 114	36 004	153 161	22 148
Depreciation	466 853	322 417	391 742	107 798
Employment costs	67 110 777	37 719 165	53 591 145	15 796 371
Human Resources expense	3 942 005	810 795	3 434 474	211 799
Auditors remuneration - external auditors	536 906	460 963	480 000	253 727
Internal Audits	105 379	22 056	91 068	12 055
Sport development & governance expenses	773 400	701 119	696 840	290 039
Recreation development expenses	40 362	151 884	28 229	38 600
National Sport Strategy Planning expenses	635 000	-	606 690	-
National Games	-	8 470	-	1 363
Annual National Sport Awards expenses	-	8 743 233	-	1 349 162
Sport Training and Education	432 332	65 614	389 965	11 050
Africa Union Region 5 Games expenses	56 317 667	-	53 910 968	-
African Games	-	-	-	-
National Sport Association event expenses	23 043 694	-	18 906 143	-
Stadia Repairs & Maintenance	8 026 088	12 664 734	6 475 971	7 841 468
Marketing and exhibitions	581 877	488 223	541 343	179 747
Board and Committee meetings	448 743	212 142	325 643	80 010
Commissioners' emoluments	468 265	831 644	362 880	302 110
	<u>188 179 258</u>	<u>73 913 960</u>	<u>161 046 354</u>	<u>30 377 885</u>
10 Net Interest Expense				
Interest Expense on Leases	-	(21 966)	-	(1 930)
Interest Income	68 847	32 461	58 656	13 096
	<u>68 847</u>	<u>10 495</u>	<u>58 656</u>	<u>11 166</u>

About Baker Tilly

Baker Tilly is a client focused company offering various services including Corporate Advisory, Auditing, Taxation, Accounting to mention just a few. Need help for your business? You're in the right place.



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