ADVISORY · AUDIT · TAX · ACCOUNTING

Sports and Recreation Commission

Financial statements

For the year ended 31 December, 2022

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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 Ms. Elleta Nengomasha - Director General (appointed 1 April 2023)
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	Maja and Associates 288 Samora Machel Avenue, Eastlea Harare

Index

Contents

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 7.

The financial statements set out on pages 8 to 23, which have been prepared on the going concern basis, were approved by the board of Commissioners on ......29 June 2023...................... and were signed on their behalf by:

Chairperson

Director General

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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Hyperinflation Accounting (High risk area and significant judgement)</td></tr>
<tr><td>For Following Public Accountants and Auditors Board ("PAAB") designation of Zimbabwe as hyperinflationary economy, the Commission applied the IAS 29 – Financial Reporting In Hyperinflationary 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</td><td>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:

• 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.</td></tr>
</table>

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.

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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

Qualified Opinion

We have audited the inflation adjusted financial statements of Sports and Recreation Commission as set out on pages 8 to 23 which comprise the inflation adjusted statement of financial position as at 31 December 2022, 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 8 to 23.

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 financial position of Sports and Recreation Commission as at 31 December 2022, 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.

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: ....11...../....07...../...2023

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2022

Statement of Financial Position

as at	Note	Inflation Adjusted Dec 31, 2022 ZWL$	Inflation Adjusted Dec 31, 2021 ZWL$	Historical Dec 31, 2022 ZWL$	Historical Dec 31, 2021 ZWL$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	120 746 351	14 618 927	84 552 517	3 174 402
Current Assets					
Trade and other receivables	4	3 358 595	4 973 334	3 358 595	1 446 747
Prepayments		-	53 992 948	-	15 706 593
Cash & cash equivalents	5	11 812 077	49 781 414	11 812 077	14 481 455
		15 170 672	108 747 696	15 170 672	31 634 795
Total Assets		**135 917 023**	**123 366 623**	**99 723 189**	**34 809 197**
Equity and Liabilities					
Equity					
Reserves		11 325 498	11 325 498	491 181	491 181
Accumulated losses		36 276 968	36 380 155	10 917 451	12 308 176
		47 602 466	47 705 653	11 408 632	12 799 357
Liabilities					
Current liabilities					
Trade and other payables	6	88 314 557	51 503 510	88 314 557	14 982 414
Related party payables		-	24 157 463	-	7 027 426
		88 314 557	75 660 973	88 314 557	22 009 840
Total Equity and Liabilities		**135 917 023**	**123 366 626**	**99 723 189**	**34 809 197**

Chairperson

Director General

Date 29 June 2023

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2022

Statement of Profit or Loss and Other Comprehensive Income

		Inflation Adjusted		Historical	
		Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
for the year ended	Note	ZWL$	ZWL$	ZWL$	ZWL$
Revenue	7	943 487 775	685 665 678	435 115 977	169 317 868
Other operating income	8	107 209 490	9 379 099	86 832 634	2 194 611
Operating expenses	9	(927 094 800)	(646 884 563)	(509 470 012)	(161 046 354)
Operating profit/(loss)		**123 602 465**	**48 160 214**	**12 478 599**	**10 466 125**
Net exchange gains/(loss)		(24 276 591)	6 932 914	(12 369 051)	2 016 790
Net monetary gains/(loss)		(98 323 074)	(13 577 419)	-	-
Profit/(loss) before interest		**1 002 800**	**41 515 709**	**109 548**	**12 482 915**
Net Interest (expense)/Income	10	911 090	236 670	516 804	58 656
Profit/(loss) for the year		**1 913 890**	**41 752 379**	**626 352**	**12 541 571**

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2022

Statement of Changes in Equity

INFLATION ADJUSTED	Capital reserves ZWL$	Accumulated (Losses)/Profit ZWL$	Total ZWL$
Balance at January 01, 2021	**11 480 299**	**(5 527 023)**	**5 953 276**
Profit for the year	-	41 752 377	41 752 377
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	41 752 377	41 752 377
Elimination of revaluation reserve	(154 801)	154 801	-
Balance at December 31, 2021	**11 325 498**	**36 380 155**	**47 705 653**
Prior year adjustment on net monetary gains	-	(2 017 077)	(2 017 077)
Balance at December 31, 2021	**11 325 498**	**34 363 078**	**45 688 576**
Profit for the period	-	1 913 890	1 913 890
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1 913 890	1 913 890
Balance at December 31, 2022	**11 325 498**	**36 276 968**	**47 602 466**

HISTORICAL	Capital reserves ZWL	Accumulated (Losses)/Profit ZWL	Total ZWL
Balance at January 01, 2021	**491 181**	**(233 395)**	**257 786**
Profit for the year	-	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, 2022	**491 181**	**12 308 176**	**12 799 357**
Prior year adjustment on net monetary gains	-	(2 017 077)	(2 017 077)
Balance at December 31, 2022 (adjusted)	**491 181**	**10 291 099**	**10 782 280**
Profit for the period	-	626 352	626 352
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	626 352	626 352
Balance at December 31, 2022	**491 181**	**10 917 451**	**11 408 632**

Sports and Recreation Commission
Financial statements
For the year ended 31 December, 2022

Statement of Cash Flows

for the period ended	Note	Inflation Adjusted Dec 31, 2022 ZWL$	Inflation Adjusted Dec 31, 2021 ZWL$	Historical Dec 31, 2022 ZWL$	Historical Dec 31, 2021 ZWL$
Cash flows from operating activities					
Net cash (used in)/generated from operations	11	**75 226 261**	**39 671 594**	**83 825 524**	**14 081 073**
Cash flows from investing activities					
Purchase of property, plan & equipment	3	(112 735 297)	(12 729 967)	(86 494 901)	(2 933 837)
Net cash (used in)/generated from investing activities		**(112 735 297)**	**(12 729 967)**	**(86 494 901)**	**(2 933 837)**
Cash flows from financing activities					
Net cash repaid in financing activities		-	-	-	-
Inflation effect on cash and cash equivalent		(460 301)	4 416 567	-	-
Total cash movement for the year		**(37 969 337)**	**31 358 194**	**(2 669 377)**	**11 147 236**
Cash and cash equivalents at the beginning of the year		49 781 414	18 423 220	14 481 455	3 334 218
Cash and cash equivalents at end of the year	**5**	**11 812 077**	**49 781 414**	**11 812 078**	**14 481 455**

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.

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 2022	13 672.9	1.00
31 December 2021	3 977.5	1.00

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 2021 were restated by applying the change in the index from the date of last re-measurement to 31 December 2022.
- 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 2022. Property and equipment is restated by applying the change in the index from the date of transaction to 31 December 2022.
- 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 2022.
- 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 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.

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 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.

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.

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 Comission's Financial Statements as at and for the year ended 31 December 2021.

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.

Notes

3

INFLATION ADJUSTED

Property, plant and equipment	FY 2022 Cost or revaluation	FY 2022 Accumulated depreciation	FY 2022 **Carrying value**	FY 2021 Cost or revaluation	FY 2021 Accumulated depreciation	FY 2021 **Carrying value**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Buildings	467 824	(116 212)	**351 612**	467 824	(114 191)	**353 634**
Furniture & Fittings	4 594 949	(3 870 299)	**724 650**	3 897 160	(3 838 392)	**58 768**
Motor Vehicles	102 227 122	(3 654 851)	**98 572 271**	2 189 131	(633 864)	**1 555 267**
Office Equipment	1 882 424	(1 376 251)	**506 172**	1 413 882	(1 354 665)	**59 217**
Computer Equipment	26 770 204	(6 205 554)	**20 564 650**	15 239 229	(2 675 080)	**12 564 149**
Other Fixed Assets	348 625	(321 629)	**26 996**	348 625	(320 732)	**27 893**
Right-of-Use Asset	1 660 452	(1 660 452)	**-**	1 660 452	(1 660 452)	**-**
	137 951 599	**(17 205 248)**	**120 746 351**	**25 216 302**	**(10 597 375)**	**14 618 927**

Reconciliation of property, plant and equipment - 31 Dec 2022	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Total**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Buildings	353 634	-	-	(2 021)	**351 612**
Furniture & Fittings	58 768	697 789	-	(31 907)	**724 650**
Motor Vehicles	1 555 267	100 037 992	-	(3 020 988)	**98 572 271**
Office Equipment	59 217	468 542	-	(21 587)	**506 172**
Computer Equipment	12 564 149	11 530 975	-	(3 530 474)	**20 564 650**
Other Fixed Assets	27 893	-	-	(897)	**26 996**
Right-of-Use Asset	-	-	-	-	**-**
	14 618 927	**112 735 297**	**-**	**(6 607 873)**	**120 746 351**

Reconciliation of property, plant and equipment - 31 Dec 2021	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Total**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Buildings	358 220	-	-	(4 586)	**353 634**
Furniture & Fittings	69 630	-	-	(10 861)	**58 768**
Motor Vehicles	1 873 314	-	-	(318 047)	**1 555 267**
Office Equipment	68 889	-	-	(9 672)	**59 217**
Computer Equipment	1 092 148	12 729 967	-	(1 257 966)	**12 564 149**
Other Fixed Assets	31 614	-	-	(3 721)	**27 893**
Right-of-Use Asset	-	-	-	-	**-**
	3 493 814	**12 729 967**	**-**	**(1 604 854)**	**14 618 927**

Notes

3

Property, plant and equipment

	HISTORICAL					
	FY 2022			FY 2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Buildings	70 000	(7 779)	**62 221**	70 000	(6 204)	**63 796**
Furniture & Fittings	509 728	(181 033)	**328 695**	169 728	(159 454)	**10 274**
Motor Vehicles	80 372 697	(2 148 381)	**78 224 316**	374 424	(107 091)	**267 333**
Office Equipment	278 499	(72 730)	**205 769**	68 500	(58 188)	**10 312**
Computer Equipment	9 217 762	(3 490 537)	**5 727 225**	3 271 132	(453 341)	**2 817 791**
Other Fixed Assets	19 125	(14 834)	**4 291**	19 125	(14 228)	**4 897**
Right-of-Use Asset	83 862	(83 862)	-	83 862	(83 862)	-
	90 551 672	**(5 999 156)**	**84 552 517**	**4 056 771**	**(882 369)**	**3 174 402**

Reconciliation of property, plant and equipment - 31 Dec 2022

	Opening balance	Additions	Disposals	Depreciation	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Buildings	63 796	-	-	(1 575)	**62 221**
Furniture & Fittings	10 274	340 000	-	(21 578)	**328 695**
Motor Vehicles	267 333	79 998 272	-	(2 041 289)	**78 224 316**
Office Equipment	10 311	209 999	-	(14 542)	**205 769**
Computer Equipment	2 817 791	5 946 630	-	(3 037 196)	**5 727 225**
Other Fixed Assets	4 897	-	-	(606)	**4 291**
Right-of-Use Asset	-	-	-	-	-
	3 174 402	**86 494 901**	**-**	**(5 116 786)**	**84 552 517**

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**

Notes

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
4 Trade and other receivables				
Financial instruments:				
Trade receivables	6 695 691	5 622 471	6 695 691	1 635 582
Loss allowance	(3 337 096)	(649 137)	(3 337 096)	(188 835)
Trade receivables at amortised cost	3 358 595	4 973 334	3 358 595	1 446 747
Total trade and other receivables	3 358 595	4 973 334	3 358 595	1 446 747
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	6 695 691	5 622 471	6 695 691	1 635 582
5 Cash and cash equivalents				
Cash on hand and Bank balances ZWL	9 893 593	19 684 550	9 893 593	5 726 252
Cash on hand and Bank balances USD	1 918 484	30 096 864	1 918 484	8 755 203
	11 812 077	49 781 414	11 812 077	14 481 455
6 Trade and other payables				
Financial instruments:				
Trade payables	54 420 839	34 787 124	54 420 839	10 119 603
Accrued leave pay	2 604 114	16 123 961	2 604 114	4 690 474
Statutory payments due	31 289 604	592 425	31 289 604	172 337
	88 314 557	51 503 510	88 314 557	14 982 414
7 Revenue				
Grants and donations	908 745 543	681 985 398	410 293 286	168 418 652
Entrance and annual levy	32 184 150	1 182 259	23 421 379	313 493
Registration and licencing fees	2 558 082	2 498 021	1 401 313	585 723
	943 487 775	685 665 678	435 115 977	169 317 868
8 Other operating income				
Sundry income	2 510 440	1 922 778	2 302 204	390 652
Sport admin courses	5 745 677	-	4 868 394	-
Stadium hire	102 101 635	7 920 563	82 810 297	1 939 007
Expected credit loss allowance	(3 148 262)	(464 242)	(3 148 262)	(135 048)
	107 209 490	9 379 099	86 832 634	2 194 611

Notes

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
9 Operating expenses				
Repairs and maintenance	13 559 603	8 880 766	6 251 203	2 051 508
Provincial administration expenses	6 162 642	3 042 080	4 759 581	709 340
Insurances and licences	6 027 878	3 040 848	3 484 525	645 525
IFT Tax	18 570 798	10 087 294	10 009 709	2 531 919
Fuel and oils	92 331 028	33 615 165	60 872 983	8 811 773
Consulting and professional fees - legal fees	4 949 560	-	3 263 198	-
Travel - local	8 170 866	6 502 315	5 386 976	1 533 006
Travel - foreign	-	111 575	-	29 017
Postage and communication	17 451 989	9 130 776	11 505 933	2 118 007
Bank charges	7 673 988	7 266 388	5 059 389	1 136 939
Levy collection expenses	3 925 180	729 455	2 587 834	197 490
Printing and stationery	4 745 008	1 060 294	3 128 340	244 552
Computer expenses	1 168 341	1 352 420	770 276	349 713
Cleaning	228 265	905 924	150 493	180 641
Parking and tollgate fees	77 788	2 273	51 285	661
Subscriptions	-	514 173	-	120 000
Sundry expenses	466	557 284	307	153 161
Depreciation	6 607 873	1 604 854	5 116 786	391 742
Employment costs	191 054 057	230 699 846	126 912 309	53 591 145
Human Resources expense	43 664 084	13 551 026	22 169 703	3 434 474
Auditors remuneration - external auditors	4 104 639	1 845 666	2 000 000	480 000
Internal Audits	-	362 252	-	91 068
Sport development & governance expenses	5 748 899	2 658 637	3 964 237	696 840
Recreation development expenses	2 024 849	138 747	1 676 756	28 229
National Sport Strategy Planning expenses	6 377 978	2 182 873	2 282 186	606 690
National Games	89 506 362	-	36 051 723	-
Annual National Sport Awards expenses	1 895 585	-	1 207 170	-
Sport Training and Education	4 129 319	1 486 184	3 400 994	389 965
Africa Union Region 5 Games expenses	11 119 304	193 597 476	7 374 832	53 910 968
ZIFA Restructuring Costs	103 778 862	-	58 817 043	-
National Sport Association event expenses	214 979 236	79 214 947	78 332 632	18 906 143
Stadia Repairs & Maintenance	42 564 533	27 590 461	34 391 949	6 475 971
Marketing and exhibitions	7 777 242	2 000 259	4 428 362	541 343
Board and Committee meetings	1 379 828	1 542 598	1 048 397	325 643
Commissioners' emoluments	5 338 748	1 609 708	3 012 900	362 880
	927 094 800	646 884 563	509 470 012	161 046 354
10 Net Interest Expense				
Interest Expense on Leases	-	-	-	-
Interest Income	911 090	236 670	516 804	58 656
	911 090	236 670	516 804	58 656

Notes

	Note	Inflation Adjusted Dec 31, 2022 ZWL	Inflation Adjusted Dec 31, 2021 ZWL	Historical Dec 31, 2022 ZWL	Historical Dec 31, 2021 ZWL
11 Cash (used in)/generated from operations					
Profit/(loss) for the year		1 913 890	41 752 377	626 352	12 541 571
Adjustments for:					
Depreciation and amortisation	3	6 607 873	1 604 854	5 116 786	391 742
Expected credit loss allowance	8	3 148 262	464 242	3 148 262	135 048
Prior year adjustments		(2 017 077)	-	(2 017 077)	-
Changes in working capital:					
Trade and other receivables		(1 073 219)	(4 551 809)	(5 060 109)	(1 439 451)
Prepayments		53 992 948	(53 992 947)	15 706 593	(15 706 593)
Trade and other payables		36 811 047	30 237 414	73 332 143	11 131 330
Related party payables		(24 157 463)	24 157 463	(7 027 426)	7 027 426
		75 226 261	39 671 594	83 825 524	14 081 073

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 Commission 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 Commission's incremental rate as at 1 January 2019.

The Commission 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 Dec 31, 2022 ZWL	Inflation Adjusted Dec 31, 2021 ZWL	Historical Dec 31, 2022 ZWL	Historical Dec 31, 2021 ZWL
12,1 Lease Liability Maturity Analysis				
Less than one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-
12,2 Amounts recognised in Income Statement for year ended 31 December 2021				
Interest on Lease Liabilities	-	-	-	-
Expenses relating to short term leases	4 654 153	2 749 436	3 499 288	623 020
	4 654 153	**2 749 436**	**3 499 288**	**623 020**