

**ZIMBABWE ELECTRICITY INDUSTRY
PENSION FUND**

**FINANCIAL STATEMENTS
31 December 2023**

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND
31 December 2023

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These financial statements are presented in Zimbabwean Dollars (ZWL), which is the Fund's functional and presentation currency and are rounded to the nearest ZWL.

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

Country of incorporation and domicile	Zimbabwe																		
Nature of business and principal activities	The Fund was registered in terms of the Pensions and Provident Funds Act (Chapter 24:32), as a self-administered defined contribution fund, set up for the purpose of providing pension benefits to the employees of Companies within the Electricity Industry in Zimbabwe.																		
Trustees	<table><tr><td>E. A Ncube</td><td>Chairperson – Pensioner Appointed Member</td></tr><tr><td>H. Choga</td><td>Employer Appointed Member</td></tr><tr><td>M. Chigweremba</td><td>Employer Appointed Member</td></tr><tr><td>E Madzikanda</td><td>Employer Appointed Member</td></tr><tr><td>CBE Mutsvairo</td><td>Employer Appointed Member</td></tr><tr><td>G. Tsumbalagwa</td><td>Employee Appointed Member</td></tr><tr><td>S. Chikwasha</td><td>Employee Appointed Member</td></tr><tr><td>V. Vudzijena</td><td>Employee Appointed Member</td></tr><tr><td>D. Chiradza</td><td>Employee Appointed Member</td></tr></table>	E. A Ncube	Chairperson – Pensioner Appointed Member	H. Choga	Employer Appointed Member	M. Chigweremba	Employer Appointed Member	E Madzikanda	Employer Appointed Member	CBE Mutsvairo	Employer Appointed Member	G. Tsumbalagwa	Employee Appointed Member	S. Chikwasha	Employee Appointed Member	V. Vudzijena	Employee Appointed Member	D. Chiradza	Employee Appointed Member
E. A Ncube	Chairperson – Pensioner Appointed Member																		
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S. Chikwasha	Employee Appointed Member																		
V. Vudzijena	Employee Appointed Member																		
D. Chiradza	Employee Appointed Member																		
Principal Officer	B Kondo																		
Registered office	4 th Floor Megawatt House 44 Samora Machel Avenue Harare																		
Investment Advisors	Datvest Wealth Management Centre Stand No. 312 Corner Edinburgh / Campbell Roads Pomona Borrowdale Harare																		
Bankers	Stanbic Bank Samora Machel Branch Harare																		
Auditor	AMG Global Chartered Accountants (Zimbabwe) 3 Elcombe Avenue Belgravia Harare																		
Actuaries	Mureriwa Actuarial Outsourcing Services (MAOS) Private Limited 41 Guilford Drive Brookview Harare																		

STATEMENT OF THE BOARD OF MEMBERS' RESPONSIBILITY

The Board is required in terms of the Pensions and Provident Funds Act (Chapter 24:32) of Zimbabwe 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 Fund 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 Pensions and Provident Funds Act (Chapter 24:32), including its (Amendment) Regulations, 2020 (No. 25), Statutory Instrument 91 of 2020 and the Insurance and Pensions Circulars 26 of 2020, 69 of 2020, 20 of 2021 and 34 of 2022. The external auditors are engaged to express an independent opinion on the financial statements.

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

The Board is 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 Board has reviewed the Pension Fund's cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the Pension Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Pension Fund's financial statements. The financial statements have been examined by the Fund's external auditors and their report is presented on pages 3 to 5.

The financial statements set out on pages 6 to 23, which have been prepared on the going concern basis, were approved by the Board on the 21st of March 2024 and were signed on their behalf by:

Approval of financial statements:



Board Chairman



Principal Officer



Board Member

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

Opinion

We have audited the financial statements of the Zimbabwe Electricity Industry Pension Fund, “ZEIPF”/ “the Fund”, set out on pages 6 to 23, and comprising:

- Statement of changes in net assets available for benefits for the year ended 31 December 2023;
- Statement of net assets available for benefits as at 31 December 2023;
- Statement of cashflows for the year ended 31 December 2023;
- Membership Statistics as at 31 December 2023;
- Statement of accounting policies applied by the Fund during the year; and
- Related financial statement notes.

In our opinion, the Fund has complied in all material respects with the accounting policies as set out in the notes to the financial statements and the basis of preparation applicable to retirement funds in the manner required by the Pension and Provident Funds (Amendment) Regulations, 2020 (No. 25), Statutory Instrument 91 of 2020 and the Insurance and Pensions Circular 26 of 2020, 20 of 2021 and 34 of 2022.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Those standards require that, in conducting the audit, we comply with ethical requirements. The standards also require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. We are independent of the Fund in terms of the Institute of Chartered Accountants of Zimbabwe (“ICAZ”) Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We consider it that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to the following:

Outstanding contributions

The sponsoring employer has outstanding contributions amounting to ZWL\$ 138 623 614 181 (2021: ZWL\$7 050 050 811) due to the Fund as at 31 December 2023, in contravention of the Fund Rules, which require contributions to be paid by the 14th of the following month when they become due to the Fund.

Prescribed asset ratio

Without further qualifying our opinion, we draw attention to note 6 which states that the Fund has not complied with the prescribed asset ratio of a minimum of 20% in terms of Section 18(2)(a) of the Pension and Provident Funds Act (Chapter 24:32), as amended by the Finance Act (2009).



Key audit matters

Key audit matters are those in our judgement, that were of most significance in our audit of the financial statements. Key audit matters are selected from matters communicated with those charged with governance but are not intended to represent all matters that were discussed with them. There were no key audit matters identified for the audit of the Fund.

Board Members' responsibility for the financial statements

The Fund Board is responsible for the preparation and fair presentation of these financial statements, in accordance with the basis of preparation applicable to retirement funds in Zimbabwe and the provisions of the Pension and Provident Funds Act (Chapter 24:32) of Zimbabwe. This responsibility includes, but is not limited to the following:

- designing, implementing and maintaining internal controls that ensure the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- formulating and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the Fund's circumstances.

In preparing the financial statements, the Board is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 controls;
- 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 Fund's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of the Administrators' 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board 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 Board s with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restriction on use

These financial statements are prepared for regulatory purposes in accordance with the accounting requirements of the Pension and Provident Funds Act (Chapter 24:32) and Statutory Instrument 323 of 1991 as stated under the basis of preparation policy note paragraph. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

The Engagement Partner on the audit resulting in this independent auditors' report is Tariro Mhuka (PAAB number 0423).

AMG Global

AMG Global
Harare

21 March 2024

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended 31 December 2023

	Sub Account 1 ZWL	Sub Account 2 ZWL	2023 Sub account 3 ZWL	Total ZWL	Sub account 3 US\$	Sub Account 1 ZWL	2022 Sub Account 2 ZWL	Total ZWL
Membership activities								
Contributions								
By members								
(a) Normal	-	18 219 262 317	10 060 155 087	28 279 417 404	1 400 268	-	2 434 199 652	2 434 199 652
(b) Voluntary	-	-	-	-	-	-	-	-
By employers								
(a) Normal	-	42 271 210 638	16 714 852 736	58 986 063 374	3 726 800	-	5 761 972 888	5 761 972 888
(b) Special towards member accumulations GLA premiums	-	-	-	-	-	-	-	-
Interest on contribution arrears	-	49 697 182 545	664 815 791	50 361 998 336	118 858	-	2 371 090 735	2 371 090 735
Total contributions (A)	-	110 187 655 499	27 439 823 614	137 627 479 114	5 245 926	-	10 567 263 275	10 567 263 275
Total other membership income (B)	-	-	-	-	-	-	-	-
Benefits and payments								
Pensions								
(a) to members	1 518 960 891	-	-	1 518 960 891	-	93 107 355	-	93 107 355
(b) to surviving spouse	449 411 060	-	-	449 411 060	-	25 326 194	-	25 326 194
(c) to children and other dependents	291 519 950	-	-	291 519 950	-	15 357 668	-	15 357 668
One third commutation								
Lumpsum awards on death	1 818 056	-	-	1 818 056	-	22 996 753	-	22 996 753
Lumpsum awards on withdrawal/registration	954 981 815	-	-	954 981 815	-	86 142 907	-	86 142 907
Lumpsum awards on retirement and retrenchment	1 342 785 459	-	-	1 342 785 459	-	55 403 336	-	55 403 336
Total benefits and payments (C)	4 559 477 231	-	-	4 559 477 231	-	298 334 213	-	298 334 213
Net membership activities income/loss (A+B-C)=D	(4 559 477 231)	110 187 655 499	27 439 823 614	133 068 001 883	5 245 926	(298 334 213)	10 567 263 275	10 268 929 062

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS – (CONT'D)
year ended 31 December 2023

		2023				2022		
	Sub Account 1 ZWL	Sub Account 2 ZWL	Sub account 3 ZWL	Total ZWL	Sub account 3 US\$	Sub Account 1 ZWL	Sub Account 2 ZWL	Total ZWL
NON-MEMBERSHIP ACTIVITIES								
Investment income								
Financial assets								
Interest income	48 111 813	351 173 886	-	399 285 699	-	4 078 260	141 579 979	145 658 239
Dividends	1 304 074 944	353 432 184	4 157 592	1 661 664 720	718	86 069 383	33 108 620	119 178 003
Unrealised fair value gains(losses) on financial assets	37 283 559 769	32 201 415 499	48 493 369	69 553 468 637	9 474	3 325 008 091	2 525 357 564	5 850 365 655
Realised fair value gains(losses) on financial assets	-	6 627 789 309	-	6 627 789 309	-	520 333 467	-	520 333 467
Exchange gains on prescribed assets	-	3 790 491 013	-	3 790 491 013	-	-	1 007 118 667	1 007 118 667
Non-financial assets								
Rental income	4 725 282 304	774 343 061	-	5 499 625 365	-	440 020 974	-	440 020 974
Revaluation gains/(losses) on property	148 494 107 230	94 736 900 132	-	243 231 007 363	-	12 115 429 054	5 875 294 576	17 990 723 630
Profit/(loss) on disposal of non financial assets	-	-	-	-	-	-	-	-
Total investment income/(loss) (E)	191 855 136 060	138 835 545 085	52 650 961	330 743 332 105	10 192	16 490 939 229	9 582 459 406	26 073 398 635
Investment expenses								
Financial assets								
Asset management fees	111 832 214	32 662 011	1 010 126	145 504 351	180	28 784 264	10 914 619	39 698 883
Custodial fees	24 231 753	5 330 986	-	29 562 739	-	4 253 512	1 612 876	5 866 388
Other investment costs	-	-	-	-	-	-	323 144	323 144
Non financial assets								
Rates	19 197 712	1 628 398	-	20 826 110	-	1 746 375	-	1 746 375
Property management fees	516 209 995	361 207 811	-	877 417 806	-	85 428 577	2 941 011	88 369 588
Property maintenance costs	203 047 249	142 078 327	-	345 125 576	-	22 618 103	-	22 618 103
Provision for bad debts	68 884 380	-	-	68 884 380	-	700 468	-	700 468
Total investment expenses (F)	943 403 302	542 907 533	1 010 126	1 487 320 962	180	143 531 299	15 791 650	159 322 949
Net investment income/(loss) (E-F)=(G)	190 911 732 759	138 292 637 552	51 640 835	329 256 011 143	10 012	16 347 407 930	9 566 667 756	25 914 075 686

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS – (CONT'D)

year ended 31 December 2023

		2023				2022		
	Sub Account 1 ZWL	Sub Account 2 ZWL	Sub account 3 ZWL	Total ZWL	Sub account 3 US\$	Sub Account 1 ZWL	Sub Account 2 ZWL	Total ZWL
Other activities								
Other income								
Employer contribution towards expenses								
Other interest income	178 345 230	14 101 058	-	192 446 288	-	7 086 338	4 228 531	11 314 869
Revaluation gains on operating assets	266 263 247	1 546 422 294	-	1 812 685 540	-	3 798 100	63 745 516	67 543 615
Exchange gains	2 705 575 252	133 141 464	4 594 584 320	7 433 301 036		109 987 306	851 188	110 838 494
Total other income (H)	3 150 183 729	1 693 664 816	4 594 584 320	9 438 432 864		120 871 744	68 825 235	189 696 979
Other expenses								
Bank charges								
Staff costs	-	2 738 031 074	-	2 738 031 074	-	-	259 255 042	259 255 042
Administration fees	-	1 294 728 964	-	1 294 728 964	-	-	118 759 887	118 759 887
Actuarial fees	36 979 174	18 067 326	-	55 046 500	-	5 355 315	2 616 505	7 971 820
Audit fees	26 420 103	12 908 363	-	39 328 466	-	2 717 295	1 327 619	4 044 914
Board expenses	-	309 206 810	-	309 206 810	-	-	26 536 055	26 536 055
IPEC levies	98 710 803	48 618 753	-	147 329 556	-	8 393 777	4 101 041	12 494 818
Bank charges	190 139 572	93 650 834	-	283 790 406	-	18 958 889	9 262 955	28 221 844
Total other expenses (I)	352 249 652	4 515 212 124	-	4 867 461 776	-	35 425 276	421 859 104	457 284 379
Net other income/(loss) (H-I)=(J)	2 797 934 077	(2 821 547 308)	4 594 584 320	4 570 971 089	-	85 446 468	(353 033 869)	(267 587 401)
Change in net assets excluding membership activities (G+J)=(K)	193 709 666 836	135 471 090 243	4 646 225 154	333 826 982 233	10 012	16 432 854 398	9 213 633 887	25 646 488 286

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - (CONT'D)

year ended 31 December 2023

	2023				2022			
	Sub Account 1 ZWL	Sub Account 2 ZWL	Sub account 3 ZWL	Total ZWL	Sub Account 3 US\$	Sub account 1 ZWL	Sub Account 2	Total
Net increase/(decrease) in net assets during the year (D+K)=(L)	189 150 189 605	245 658 745 743	32 086 048 768	466 894 984 116	5 255 939	16 134 520 186	19 780 897 162	35 915 417 348
Net assets available for benefits at beginning of the year (M)	22 539 493 407	22 904 282 449	-	45 443 775 856	-	6 404 973 221	3 123 385 287	9 528 358 508
Net assets available for benefits at end of year (L+M)	211 689 683 012	268 563 028 192	32 086 048 768	512 338 759 972	5 255 939	22 539 493 407	22 904 282 449	45 443 775 856

Head Finance

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Principal Officer

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21 March 2024

Board Chairman

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ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at 31 December 2023

		2023					2022		
	Note	Sub Account 1 ZWL	Sub Account 2 ZWL	Sub account 3 ZWL	Total ZWL	Sub account 3 US\$	Sub Account 1 ZWL	Sub Account 2 ZWL	Total ZWL
Assets									
A	Operating assets								
		245 104 612	1 510 918 844	-	1 756 023 456	-	87 972	196 712 028	196 800 000
		7 605 300	42 733 815	-	50 339 115	-	2 238 600	9 691 991	11 930 590
		19 032 958	224 231 691	-	243 264 649	-	2 316 500	28 003 000	30 319 500

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS- (CONT'D)

As at 31 December 2023

Statement of Financial Position as at 31 December 2023									
	Note	2023					2022		
		Sub Account 1	Sub Account 2	Sub account 3	Total	Sub account 3	Sub Account 1	Sub Account 2	Total
		ZWL	ZWL	ZWL	ZWL	US\$	ZWL		
Assets (continued)									
D Sundry debtors									
Contribution arrears	8	-	107 993 214 417	30 630 399 764	138 623 614 181	5 017 492	-	7 050 050 811	7 050 050 811
Rental arrears		191 604 320	22 704 000	-	214 308 320	-	11 266 251		11 266 251
Dividend receivable					-	-	-		
Interest receivable		-	-	-	-	-		26 405 874	26 405 874
Other (specify)									
Value Added Tax		-	1 397 683 933	-	1 397 683 933	-	15 072 575	441 369 234	456 441 809
Other debtors		40 202 923	1 407 716 577	-	1 447 919 500	-	-	42 128 797	42 128 797
Total sundry debtors (Q)		231 807 243	110 821 318 927	30 630 399 764	141 683 525 934	5 017 492	26 338 826	7 559 954 716	7 586 293 542
Total assets (N+O+P+Q) =R		211 836 399 241	271 407 662 865	32 086 048 768	515 330 110 875	5 255 939	22 565 561 322	23 048 912 507	45 614 473 829
E Non actuarial liabilities									
Arrear pension benefits		26 361 662	-	-	26 361 662	-	16 637 158	-	16 637 158
Tenants deposits		48 987 021	-	-	48 987 021	-	5 936 199	-	5 936 199
Provisions									
Other payables		1 374 351	2 844 634 673	-	2 846 009 024	-	2 794 090	144 630 058	147 424 148
Provision for bad debts		69 993 196	-	-	69 993 196	-	700 468	-	700 468
Total non-actuarial liabilities (S)		146 716 230	2 844 634 673	-	2 991 350 903	-	26 067 915	144 630 058	170 697 973
Net assets available for benefits at the end of the year (R-S) =T		211 689 683 011	268 563 028 192	32 086 048 768	512 338 759 972	5 255 939	22 539 493 407	22 904 282 450	45 443 775 856

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS- (CONT'D)

As at 31 December 2023

	2023				2022			
	Sub Account 1 ZWL	Sub Account 2 ZWL	Sub account 3 ZWL	Total ZWL	Sub account 3 US\$	Sub Account 1 ZWL	Sub Account 2 ZWL	Total ZWL
F Actuarial liabilities								
Members' liabilities								
Active members	168 036 982 710	264 537 272 991	30 461 793 943	463 036 049 644	4 902 393	20 080 297 057	22 537 772 653	42 618 069 710
Pensioners	21 610 912 961	-	-	21 610 912 961	-	1 907 041 303	-	1 907 041 303
Deferred pensioners	5 232 417 327	-	-	5 232 417 327	-	506 001 172	-	506 001 172
Pending exits	-	-	-	-	-	-	-	-
Unclaimed benefits	295 797 269	-	-	295 797 269	-	31 434 354	-	31 434 354
Reserves								
Stabilisation reserve	822 504 048	969 892 655	1 607 183 549	3 399 580 252	350 758		291 099 223	291 099 223
Compensation reserve	9 988 731 282	-	-	9 988 731 282	-	-	-	-
Total actuarial liabilities (U)	211 430 971 703	268 422 907 454	32 068 977 492	511 922 856 649	-	22 524 773 886	22 828 871 876	45 353 645 762
Surplus/deficit (T-U)	258 711 309	140 120 738	17 071 276	415 903 323	2 788	14 719 521	75 410 574	90 130 094

Head Finance



Principal officer



21 March 2023

Board Chairman



ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF CASHFLOWS year ended 31 December 2023

	2023 ZWL	2022 ZWL
Net cash flows from membership activities		
Cash received from contributions	10 508 489 500	3 726 854 542
Benefits paid	(4 541 965 571)	(298 334 214)
Cash transferred from other funds	-	-
Cash transferred to other funds	-	-
Net cash flows from membership activities	5 966 523 929	3 428 520 328
Cash flows collected from other operating activities (V)		
Other operating income	1 447 563 103	26 725 869
Cash paid to suppliers		
Actuarial fees	(55 046 500)-	(7 971 820)
Administration fees	(1 143 695 664)	(302 683 969)
Audit fees	(39 328 466)	(4 044 914)
Levies and subscriptions paid	(158 662 529)	(14 061 099)
Cash paid to employees		
Staff expenses	(1 788 244 639)	(259 255 042)
Board expenses	(309 206 810)	(26 536 055)
Fines and penalties paid		
Other operating expenses		
Bank charges	(283 790 405)	(28 221 843)
Net cashflows from other operating activities (W)	(2 330 411 910)	(616 048 872)
Cashflow from investing activities		
Purchase of operating assets	(6 895 038)	(160 499 846)
Purchase of investment property	(12 887 402 777)	(3 294 540 485)
Purchase of financial assets	(3 912 906 065)	(711 282 709)
Proceeds from sale of financial assets	11 680 622 631	903 955 084
Property expenses paid	(1 243 369 492)	(113 434 534)
Rent received	5 534 804 860	436 965 268
Interest received	480 620 394	146 058 238
Dividends received	1 661 664 720	119 178 004
Investment management fees paid	(145 504 351)	(40 022 027)
Tax paid		
Custodial fees paid	(30 572 865)	(5 866 388)
Other investing activities		
Net cash inflows/(outflows) from investing activities (X)	1 134 092 397	(2 719 489 396)
Net cash inflow/(outflow) for the year (V+W+X) =Y	4 770 204 416	92 982 060
Cash and cash equivalents at the beginning of the year	542 338 204	449 356 144
Cash and cash equivalents at the end of the year	5 312 542 620	542 338 204

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

MEMBERSHIP STATISTICS year ended 31 December 2023

	In Zimbabwe 2023	2022	Outside Zimbabwe 2023	2022
1 Number of principal members at the beginning of the year	7 926	7 903	-	-
Number of beneficiaries at the beginning of the year	614	554	-	-
TOTAL	8 540	8 457	-	-
2 Principal membership as at the end of the year				
(a) new entrants for the year	152	79	-	-
(b) active members	6 657	6 697	-	-
(c) deferred pensioners	288	222	-	-
(d) pensioners	752	735	-	-
(e) suspended pensioners	31	57	-	-
(f) members with unclaimed benefits	130	136	-	-
(g) transfer in			-	-
Total membership as at the end of the year	8 010	7 926	-	-
3 Beneficiaries as at the end of the year				
(a) Pensioners:				
Surviving spouse	307	284	-	-
Children	219	184	-	-
Other dependents	-	-	-	-
(b) Suspended pensioners:				
Surviving spouse	30	36	-	-
Children	89	110	-	-
Other dependents		-	-	-
Total beneficiaries as at the end of the year	645	614	-	-
4 Exits as at the end of the year				
(a) Transfers out	9	2	-	-
(b) Full commutations	38	13	-	-
(c) Death	21	41	-	-
(d) Other	-	-	-	-
	68	56	-	-

Head Finance

Principal Officer.....

Board Chairman

21 March 2023

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF ACCOUNTING POLICIES

31 December 2023

A REGISTRATION AND ACTIVITIES

The Zimbabwe Electricity Industry Pension (“the Fund”), is registered in terms of the Pensions and Provident Funds Act (Chapter 24:32), as a self-administered defined contribution Fund, set up for the purpose of providing pension benefits to its members on retirement or the members’ beneficiaries in the event of death. The Fund was established on the 4th of February 2004 in Zimbabwe and caters for members employed by Companies operating in the Electricity Industry in Zimbabwe. The employer and employees contribute into the fund at rates of 21.25% and 6% of basic pay respectively. However, employees have also option to contribute at 8% and 10%.

During the year there were no changes to the Fund Rules.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the preparation applicable to retirement funds in Zimbabwe and the provisions of the Pensions and Provident Funds Act (Chapter 24:32) of Zimbabwe.

These financial statements have been prepared in compliance with Circular 34 of 2022, issued by the Insurance and Pensions Commission on 12 August 2022, in terms of Section 3 (1) of the Insurance and Pensions Commission (Issuance of General Guidelines and Standards) Regulations, 2020, published in Statutory Instrument 69 of 2020.

In 2020, The Commission issued Circular 20 of 2020, which required all Pension Funds to adopt International Financial Reporting Standards (IFRS), and this was done in 2021. However, this presented non-compliance instances and inconsistencies in disclosures within the Industry, thereby necessitating the issuance of Circular 34 of 2022, being a revised financial reporting guideline for the Pensions Industry, which is effective from financial statements for the year 31 December 2022.

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

B Functional currency

The Fund adopted the Zimbabwe dollar (ZWL) as its functional currency with effect from 22 February 2019.

The Board applied its judgement in determining the date of change in functional currency as at 22 February 2019. The Fund considered guidance issued by the Public Accountants and Auditors Board highlighting that there was no official and legal currency prior to 22 February 2019 and considered this the effective date of change. However, the Fund noted that the exact date of change of the functional currency could not be determined accurately due to the absence of a legal foreign exchange market prior to that date and the cash and foreign currency shortages which manifested through multiple pricing regimes based on the mode of settlement.

Since the re-introduction of foreign currency for domestic transactions during March 2020, the Fund has continued to use the Zimbabwe Dollar as the reporting and functional currency.

C Valuation of fund assets

Investment assets are valued at fair value except debt instruments held to maturity which are held at amortised cost.

Marketable securities / financial instruments, bid price at the end of the reporting period shall be the value recognised.

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF ACCOUNTING POLICIES

31 December 2023

Property should be valued using the functional currency applicable to the Fund or sub account for Funds with different Fund accounts, that is for sub-account 1 and 2, valuation should be in ZWL for local properties and for sub-account 3 and purely USD pension funds, valuation should be in USD.

D Valuation of actuarial liabilities

Actuarial liabilities are valued using the current period's actuarial valuation report or financial review report.

E Income and expenses

The accrual method should be used when accounting for income and expenses.

F Taxation

In terms of the Third Schedule to the Income Tax Act (Chapter 23:06), pension funds are exempt from income tax, capital gains tax and residents' tax on interest from financial institutions until such date as the Minister may specify by notice in the Gazette. As no such notice has been gazetted in respect of the year covered by these financial statements, no provision for taxation has been made.

G Impairment of assets

The Pension Fund 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 pension fund estimates the recoverable amount of the asset.

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.

The Fund 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.

H Revenue

The Fund recognises revenue from pension contributions resulting from employees' employment contracts.

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

STATEMENT OF ACCOUNTING POLICIES

31 December 2023

Revenue is measured based on the contributions specified in employment contract with an employee and excludes amounts collected on behalf of third parties. The pension fund recognises revenue when employment services are provided to employees.

Other sources of income that the Pension Fund has are:

- dividend income
- interest income
- profit on disposal of financial assets

I Actuarial valuation

There is no requirement to carry out an actuarial valuation of the Fund, as it provides benefits on a defined contribution basis, though an annual financial review is carried out by the actuaries.

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

RELATED FINANCIAL STATEMENT NOTES

31 December 2023

1 OPERATING ASSETS

	Furniture and Fittings ZWL	Computers ZWL	Total ZWL	
Net carrying amount as at 1 January 2023	7 542 414	519 195	2 837 725	10 899 334
Gross carrying amount	10 203 051	785 310	3 653 945	14 642 306
Accumulated depreciation	(2 660 637)	(266 115)	(816 220)	(3 742 972)
Additions	150 843 600	4 543 846	5 112 400	160 499 846
Revaluation	35 753 349	-	-	-
Revalued amount 31 December 2022	196 800 000	11 930 590	30 319 500	239 050 090
Gross carrying amount – cost	161 046 651	5 329 156	8 766 345	175 142 152
Revaluation	35 753 349	6 601 434	21 553 155	63 907 938
Additions	-	2 630 528	5 101 062	7 731 589
Disposals	(9 840 000)	-	-	(9 840 000)
Revaluation	1 569 063 456	35 777 997	207 844 087	1 812 685 540
Revalued amount 31 December 2023	1 756 063 456	50 339 114	243 264 649	2 049 627 219
Gross carrying amount – cost	151 206 651	7 959 683	13 867 407	173 033 741
Revaluation	1 604 816 805	42 379 431	229 397 242	1 876 593 478
		2023 ZWL		2022 ZWL

2 INVESTMENT PROPERTY

Opening balance	25 376 436 999	4 092 524 708
Additions	12 888 861 108	3 293 187 660
Disposal	(176 000 000)	-
Fair value adjustment	243 244 549 032	17 990 723 631
Closing balances	281 333 846 138	25 376 435 999

There are no current obligations to purchase, construct or develop the investment properties.

The fair value of the Fund's investment property as of 31 December 2023 has been arrived at on the basis of a valuation carried out at that date by ZIMRE Property Investments, independent valuers not concerned with the Fund. The valuation conforms to International Valuation Standards. The fair value was determined based on the market approach that reflects recent transaction prices for similar properties.

	2023 ZWL	2022 ZWL
3 QUOTED SHARES		
Opening balance	8 453 768 436	4 262 908 958
Additions	3 664 051 804	14 429 467
Disposal	(2 134 007 522)	(375 786 464)
Fair value gains	46 558 012 451	4 552 216 475
Closing balances	56 541 825 170	8 453 768 436

The Fund had quoted shares as at 31 December 2023 of US\$56 472 for Sub Account 3.

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

RELATED FINANCIAL STATEMENT NOTES

31 December 2023

The Fund equity portfolio is managed by Datvest Asset Managers. As at 31 December 2022 the investment in Delta was at 5.52% of net assets available for benefits.

	2023 ZWL	2022 ZWL
4 UNQUOTED SHARES		
Opening balances	1 761 530 639	132 540 541
Additions	500 000 000	338 545 820
Fair value adjustments	22 926 962 817	1 290 444 278
Closing balances	25 188 493 456	1 761 530 639

	2023 US\$	2022 US\$
5 US\$ DENOMINATED TRANSACTIONS AND BALANCES		
5.1 Revenue		
Rent	928 958	344 877
Dividends	363 204	130 323
Interest	11 625	-
	1 303 786	475 200
5.2 Expenditure		
Benefits payments	336 983	80 156
Administration expenses	396 487	60 845
Bank charges	5 583	11 087
Property expenses	7 030	30 930
	746 083	183 018

The above amounts are included in the revenue reported for the year 2023 and 2022 in the statement of changes in net assets available for benefits under Sub Account 1 and 2.

5.3 Assets		
Quoted shares	3 680 990	2 452 117
Operating assets	3 687	153 430
Investment property	783 136	66 485
Cash at bank	675 930	311 460
Money markets	102 125	-
Rent receivable	24 385	10 873
	5 270 252	2 994 365

The above assets are reported as part of the assets in the statement of financial position for Sub Account 1 and 2.

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

RELATED FINANCIAL STATEMENT NOTES

31 December 2023

6 PRESCRIBED ASSET INVESTMENTS

6.1 Analysis

Type of instrument	Name of issue issuer	Date of Issue	Date of purchase	Maturity date	Purchase price	Face value of investment	Interest received	Dividend received
Non-current assets								
35 Avenue Specialist Hospital	ZEIPF	22-10-2020	22-10-2020	22-01-2033	279 710 172	19 255 200 000	-	-
9 Tiptol Psychiatric and Rehabilitation Centre	ZEIPF	22-10-2020	22-10-2020	22-07-2030	104 277 915	4 901 300 000	-	-
Mangwana Opportunities Fund	Mangwana	07-04-2020	07-04-2020	07-04-2030	597 319 052	25 188 493 456	-	-
IPEC Housing bond	IPEC	31-01-2014	31-01-2014	31-1-2026	60 603	60 603	-	-
Marondera Health Care Centre	ZEIPF	03-04-2023	03-04-2023	31-03-2038	2 488 596 877	2 488 596 877		
Total					3 469 964 619	51 833 650 936	-	-
Current assets								
IDBZ Vaka Bond	IDBZ	29-10-2021	29-10-2021	29-10-2023	50 000 000	2 345 082 869	-	-

6.2 Compliance ratio

The provisions of Section 18(2a) of the Pension and Provident Fund Act (Chapter 24:32) state that any registered Pension Fund shall hold not less than 35% of the aggregate cost value of all their investments in Zimbabwe in local registered securities. However, in the National Budget presented on 22 November 2018 and circular 3 of 2019 of the Insurance and Pensions Commission, the Government reviewed the prescribed asset ratio to 20% of the market values of assets, and thus was effective beginning 1 January 2019.

At 31 December 2023 the market values of assets were as follows:

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

RELATED FINANCIAL STATEMENT NOTES

31 December 2023

	2023 Fair values ZWL	2022 Fair values ZWL
Prescribed assets	54 178 733 805	5 886 232 156
Total assets less outstanding contributions	376 706 496 694	38 303 594 951
RATIO	14.38%	15.37%

The Prescribed asset ratio based on market values as at 31 December 2023 was 914.38% (2022: 15.37%). The Pension Fund has not adhered to this statutory requirement as at 31 December 2023.

7 CONTRIBUTION ARREARS

Sponsoring Employer	Availability of certified repayment agreement (Y/N)	Contribution arrears				Total
		30 days and below	Between 31 days and 90 days	Between 91 days and 180 days	181 days and above	
ZPC	NO	3 553 899 856	11 638 942 373	6 874 713 950	8 157 284 406	30 224 840 586
ZETDC	NO	9 905 399 804	32 315 092 278	16 465 071 802	16 928 121 796	75 613 685 680
ZESA Holdings	NO	3 199 766 066	5 253 967 354	3 060 883 547	2 410 049 429	13 924 666 396
ZESA Executive	NO	1 317 618 140	2 995 824 247	2 299 003 184	1 177 657 000	7 790 102 571
ZENT	NO	1 316 983 997	3 642 449 065	2 005 494 205	1 604 551 690	8 569 478 957
REA	NO	800 350 237	1 328 188 591	-	-	2 128 538 828
Powertel	NO	88 889 004	85 955 471	-	18 009 543	174 844 475
NEWUZ/ZTEA	NO	18 104 761	83 930 218	44 149 835	-	164 194 356
NEC	NO	12 642 099	5 286 524	-	-	17 928 623
HESCO	NO	8 165 051	1 762 983	-	-	9 928 034
ESWU	NO	1 879 302	3 526 372	-	-	5 405 674
TOTAL		20 223 698 318	573 549 925 475	30 749 316 523	30 295 673 864	138 623 614 181

8 UNCLAIMED BENEFITS AGE ANALYSIS

	Less than 1 year	1-2 years	2-5 years	6-10 years	10 years+	Total
Amount	-	-	-	221 050 740	74 746 529	295 797 269
No of members	-	-	-	21	109	130

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

RELATED FINANCIAL STATEMENTS NOTES

31 December 2023

9 Related party transactions

During the year, the Fund entered into the following transactions with sponsoring employers who are related parties to the Fund.

	2023 ZWL	2022 ZWL
Rent income		
ZETDC	711 048 212	74 287 517

The following amounts were outstanding at the reporting date.

ZETDC	109 980 655	1 318 193
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10 DEBTORS' AGE ANALYSIS

	2023			2022		
	Rental arrears	Contribution arrears	Other (specify)	Rental arrears	Contribution arrears	Other (specify)
Below 30 days	45 640 420	20 223 698 319	-	3 154 454	2 053 396 439	-
Between 31 days and 90 days	28 651 844	57 354 925 476	-	6 311 533	2 534 236 786	-
91 days and 180 days	114 292 621	61 044 990 386	-	1 800 244	2 462 417 586	-
181 days and above	25 723 435	-	-	-	-	-
Total at the end of reporting period	214 308 320	138 623 614 181	-	11 266 251	7 050 050 811	-

11 FINANCIAL VALUATION

The Board finds it prudent to carry out a financial review of the Fund to:

- Assess the Fund's financial position.
- Recommend a pension increase to be made to pensions in payment from the Fund.
- Recommend an interest rate to be credited to each member's account as at financial year end.
- Recommend the interim interest rate to be applied for claim payments in the following year.

The financial review carried out in line with IPEC guidelines as at 31 December 2023 revealed that the Fund was in a financially sound position with a surplus of ZWL4415 903 323.

The financial review recommended for a pension increase of 77.73% after taking into account the pension increases and bonuses awarded during the year as detailed below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Pension increase awarded	7%	4%	82%	8%	38%	66%	-	-	-

ZIMBABWE ELECTRICITY INDUSTRY PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

The final bonus awarded were as follows:

	Final Bonus Awarded
Sub-Account 1	841.000%
Sub-Account 2	482.64%
Sub account 3	43.61%
Pension Reserve Increases	841.00%
Preserved Benefits	841.00%

12 INVESTMENT POLICY STATEMENT

The Insurance and Pensions Commission (IPEC) issued Circular 1 of 2016 which allowed organisation to register their Investments Policy Statements (IPS) with investment guidelines. The Fund registered its IPS with IPEC and investment guidelines are as follows:

Asset class	Strategic allocation	Tolerance Range
Listed shares	30%	25% - 35%
Fixed property	40%	35% - 45%
Bonds	10%	5% - 10%
Alternative investments	10%	7.5% - 10%
Money market	5%	5% - 7%
Offshore	5%	3%-5%

As at 31 December 2023 the Pension Fund was not in full compliance with this Circular.

13 COMPLIANCE WITH IPEC REGULATIONS

The Fund in ensuring compliance with the currency guidelines measured assets at fair value at the measuring date of 31 December 2019. The Fund created Sub Account 1, Sub Account 2 and Sub Account 3 to comply with the currency guideline. Assumptions were made in allocating transactions that could not be directly allocated to Sub Account 1 and 2. The Fund started to receive USD contributions in 2023 thus Sub Account 3 amounts do not have 2022 comparative figures.

During the year there were no fines and penalties levied against the Fund for non-compliance.

14 GOING CONCERN

The Board Members have, at the time of approving the financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. It is on this basis that the financial statements are prepared on a going concern basis.

15 CONTINGENT ASSET

The Fund is engaging the sponsoring employers to link the arrear contributions to US\$ with effect from 28 February 2023 in order to preserve value. If an agreement is reached, the value of arrear contributions would increase from the reported amount of ZWL138 623 614 181 to ZWL180 517 766 948 as of 31 December 2023.