

**ZIMBABWE ELECTRICITY SUPPLY  
AUTHORITY STAFF PENSION FUND**

**FINANCIAL STATEMENTS  
31 December 2023**

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF 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.

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## ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND

### FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 December 2023

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<b>Country of incorporation and domicile</b>	Zimbabwe																		
<b>Nature of business and principal activities</b>	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 ZESA Holdings and its subsidiaries.																		
<b>Trustees</b>	<table><tr><td>T.R. Madzonga</td><td>Chairperson – Pensioner Appointed Member</td></tr><tr><td>D. Maviva</td><td>Employer Appointed Member</td></tr><tr><td>E. Madzikanda</td><td>Employer Appointed Member</td></tr><tr><td>J. Mapillar</td><td>Employer Appointed Member</td></tr><tr><td>T. Chinhengo</td><td>Employer Appointed Member</td></tr><tr><td>V. Ndlovu</td><td>Pensioner Appointed Member</td></tr><tr><td>O. Nyekete</td><td>Employee Appointed Member</td></tr><tr><td>A. Mudzonga</td><td>Employee Appointed Member</td></tr><tr><td>D. Chiradza</td><td>Employee Appointed Member</td></tr></table>	T.R. Madzonga	Chairperson – Pensioner Appointed Member	D. Maviva	Employer Appointed Member	E. Madzikanda	Employer Appointed Member	J. Mapillar	Employer Appointed Member	T. Chinhengo	Employer Appointed Member	V. Ndlovu	Pensioner Appointed Member	O. Nyekete	Employee Appointed Member	A. Mudzonga	Employee Appointed Member	D. Chiradza	Employee Appointed Member
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O. Nyekete	Employee Appointed Member																		
A. Mudzonga	Employee Appointed Member																		
D. Chiradza	Employee Appointed Member																		
<b>Principal Officer</b>	B Kondo																		
<b>Registered office</b>	4 <sup>th</sup> Floor Megawatt House 44 Samora Machel Avenue <b>Harare</b>																		
<b>Investment Advisors</b>	IMARA Asset Managers Block 2, First Floor Tendeseka Park Samora Machel Eastlea <b>Harare</b>																		
<b>Bankers</b>	Stanbic Bank Samora Machel Branch <b>Harare</b>																		
<b>Auditor</b>	AMG Global Chartered Accountants (Zimbabwe) 3 Elcombe Avenue Belgravia <b>Harare</b>																		
<b>Actuaries</b>	African Actuarial Consultants Ground Floor, Block 6, East Wing Celestial Office Park Borrowdale <b>Harare</b>																		

## **STATEMENT OF THE BOARD RESPONSIBILITY**

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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 it is 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 group's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 5 to 19, which have been prepared on the going concern basis, were approved by the Board on 22 March 2024 and were signed on their behalf by:

### **Approval of financial statements:**



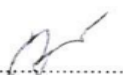
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**Board Chairperson**



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**Principal Officer**



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**Board Member**

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

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### **Opinion**

We have audited the financial statements of the Zimbabwe Electricity Supply Authority Staff Pension Fund, “ZESA Staff Pension Fund”/ “the Fund”, set out on pages 5 to 11, 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;
- 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 for 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**

#### ***Prescribed asset ratio***

Without qualifying our opinion, we draw attention to the fact 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’s 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 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).

A handwritten signature in blue ink that reads 'AMG Global'.

**AMG Global**  
**Harare**

**22 March 2024**

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**year ended 31 December 2023**

	2023			2022			
	Sub Account 1 ZWL	Sub account 2 ZWL	Total ZWL	Sub account 3 US\$	Sub account 1 ZWL	Sub account 2 ZWL	Total ZWL
<b>Membership activities</b>							
<b>Contributions</b>							
By employer							
(a) Normal	-	-	-	-	-	-	-
(b) Special towards member accumulations	-	-	-	-	-	-	-
By members							
(a) Normal	-	-	-	-	-	-	-
(b) Voluntary	-	-	-	-	-	-	-
<b>Total contributions (A)</b>	-	-	-	-	-	-	-
<b>Other membership income</b>							
Transfers from other funds	-	-	-	-	-	-	-
Transfer from other sources	-	-	-	-	-	-	-
Amounts received on life insurance claims	-	-	-	-	-	-	-
<b>Total other membership income (B)</b>	-	-	-	-	-	-	-
<b>Benefit and payments</b>							
Pensions to:							
Members	4 805 379 483	-	4 805 379 483	-	470 418 558	-	470 418 558
Surviving spouse	3 756 933 051	-	3 756 933 051	-	350 832 023	-	350 832 023
Children and other dependants	174 741 072	-	174 741 072	-	17 744 443	-	17 744 443
Lump sum awards on death	454 762	-	454 762	-	13 345 314	-	13 345 314
Lump sum awards on withdrawal/resignation	-	-	-	-	-	-	-
Lump sum awards on retirement and retrenchment	448 362 875	-	448 362 875	-	17 888 790	-	17 888 790
<b>Total benefits and payments (C)</b>	<b>9 185 871 243</b>	-	<b>9 185 871 243</b>	-	<b>870 229 128</b>	-	<b>870 229 128</b>
<b>Net membership activities income/(loss) (A+B-C) =D</b>	<b>(9 185 871 243)</b>	-	<b>(9 185 871 243)</b>	-	<b>(870 229 128)</b>	-	<b>(870 229 128)</b>
<b>NON-MEMBERSHIP ACTIVITIES</b>							
<b>Investment income</b>							
<b>Financial assets</b>							
Interest income	24 103 600 516	-	24 103 600 516	-	6 772 248 566	-	6 772 248 566
Dividends	494 067 759	-	494 067 759	-	99 264 752	-	99 264 752
Unrealised fair value gains on financial assets	15 402 455 403	-	15 402 455 403	-	1 493 640 909	-	1 493 640 909
Realised fair value gains on financial assets	220 185 131	-	220 185 131	-	62 549 462	-	62 549 462
Exchange gains	1 701 540 445	-	1 701 540 445	-	295 621 558	-	295 621 558

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

**STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS – CONT'D**  
**year ended 31 December 2023**

Year ended 31 December 2023							
	2023			2022			
	Sub Account 1 ZWL	Sub account 2 ZWL	Total ZWL	Sub account 3 US\$	Sub account 1 ZWL	Sub account 2 ZWL	Total ZWL
Balance brought forward	-	-	-	-	8 723 325 247	-	8 723 325 247
<b>Non-financial assets</b>							
Rental income	8 111 058 613	-	8 111 058 613	-	743 023 895	-	743 023 895
Revaluation	233 159 998 038	-	233 159 998 038	-	15 310 755 820	-	15 310 755 820
<b>Total investment income (E)</b>	<b>283 192 906 105</b>	<b>-</b>	<b>283 192 906 105</b>	<b>-</b>	<b>24 777 104 962</b>	<b>-</b>	<b>24 777 104 962</b>
<b>Investment expenses</b>							
<b>Financial assets</b>							
Asset management fees	89 160 866	-	89 160 866	-	17 100 363	-	17 100 363
Custodial fees	9 798 306	-	9 798 306	-	2 118 046	-	2 118 046
<b>Non-financial assets</b>							
Property management fees	248 984 551	-	248 984 551	-	28 829 813	-	28 829 813
Property maintenance costs	460 995 687	-	460 995 687	-	31 110 404	-	31 110 404
Increase in provision for bad debts	104 303 536	-	104 303 536	-	3 977 704	-	3 977 704
<b>Total investment expenses (F)</b>	<b>913 242 946</b>	<b>-</b>	<b>913 242 946</b>	<b>-</b>	<b>83 136 330</b>	<b>-</b>	<b>83 136 330</b>
<b>Net investment income (E-F) =(G)</b>	<b>282 279 663 159</b>	<b>-</b>	<b>282 279 663 159</b>	<b>-</b>	<b>24 693 968 632</b>	<b>-</b>	<b>24 693 968 632</b>
<b>Other activities</b>							
<b>Other income</b>							
Miscellaneous	734 370 596	-	734 370 596	-	39 823 987	-	39 823 987
Exchange gain	1 975 009 889	-	1 975 009 889	-	160 667 916	-	160 667 916
Revaluation gain on operating assets	28 355 951	-	28 355 951	-	1 250 413	-	1 250 413
<b>Total other income (H)</b>	<b>2 737 736 437</b>	<b>-</b>	<b>2 737 736 437</b>	<b>-</b>	<b>201 742 316</b>	<b>-</b>	<b>201 742 316</b>
<b>Other expenses</b>							
Staff costs	1 364 639 665	-	1 364 639 665	-	145 484 931	-	145 484 931
Administration expenses	596 873 945	-	596 873 945	-	78 357 284	-	78 357 284
Actuarial expenses	57 599 667	-	57 599 667	-	13 976 642	-	13 976 642
Accounting fees	33 255 766	-	33 255 766	-	4 450 345	-	4 450 345
Board expenses	201 300 378	-	201 300 378	-	22 840 304	-	22 840 304
IPEC levies	111 770 819	-	111 770 819	-	6 057 282	-	6 057 282
Bank charges	371 516 474	-	371 516 474	-	29 780 117	-	29 780 117
<b>Total other expenses (I)</b>	<b>2 736 956 712</b>	<b>-</b>	<b>2 736 956 712</b>	<b>-</b>	<b>300 946 905</b>	<b>-</b>	<b>300 946 905</b>

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

**STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS – CONT'D**

year ended 31 December 2023

	2023				2022		
	Sub Account 1 ZWL	Sub account 2 ZWL	Total ZWL	Sub account 3 US\$	Sub account 1 ZWL	Sub account 2 ZWL	Total ZWL
Net other income (H-I) =(J)	779 724	-	779 724	-	(99 204 589)	-	(99 204 589)
Change in net assets excluding -membership activities (G+J) =(K)	282 280 442 884	-	282 280 442 884	-	24 594 764 043	-	24 594 764 043
Net increase in net assets during the year (D+K) =(L)	273 094 571 641	-	273 094 571 641	-	23 724 534 915	-	23 724 534 915
Net assets available for benefits -at the beginning of the year (M)	32 042 182 527	-	32 042 182 527	-	8 317 647 612	-	8 317 647 612
Net assets available for benefits at the end of the year (L+M)	305 136 754 168	-	305 136 754 168	-	32 042 182 527	-	32 042 182 527

Head Finance



Board Chairperson



Board Member



22 March 2024

Principal Officer



**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

**STATEMENT OF ASSETS AVAILABLE FOR BENEFITS**

**year ended 31 December 2023**

		2023				2022		
		Sub Account 1 ZWL	Sub account 2 ZWL	Total ZWL	Sub account 3 US\$	Sub account 1 ZWL	Sub account 2 ZWL	Total ZWL
<b>Assets</b>								
<b>A</b>	<b>Operating assets</b>							
	Property	-	-	-	-	-	-	-
	Motor vehicles	-	-	-	-	-	-	-
	Furniture and equipment	31 588 277	-	31 588 277	-	4 329 600	-	4 329 600
	Computer systems and hardware	3 760 509	-	3 760 509	-	574 000	-	574 000
	<b>Total operating assets (N)</b>	<b>1</b>	<b>35 348 786</b>	<b>35 348 786</b>	<b>-</b>	<b>4 903 600</b>	<b>-</b>	<b>4 903 600</b>
<b>B</b>	<b>Non current investments</b>							
	Investment property	2	255 225 433 168	- 255 225 433 168	-	19 623 785 042	-	19 623 785 042
	Equities -							
	quoted	3	18 436 722 608	- 18 436 722 608	-	2 657 840 722	-	2 657 840 722
	unquoted	4	402 530 899	- 402 530 899	-	75 506 499	-	75 506 499
	Prescribed assets	5	-	-	-	-	-	-
	Actuarial loan	6	21 182 404 004	- 21 182 404 004	-	4 930 562 337	-	4 930 562 337
	<b>Total non-current investment assets (O)</b>		<b>295 247 090 679</b>	<b>295 247 090 679</b>	<b>-</b>	<b>27 287 694 600</b>	<b>-</b>	<b>27 287 694 600</b>
<b>C</b>	<b>Current investment assets</b>							
	Prescribed assets	5	-	-	-	345 621 558	-	345 621 558
	Money market investments		1 448 860 726	1 448 860 726	-	-	-	-
	Cash on bank and at bank		2 370 224 884	2 370 224 884	-	237 605 648	-	237 605 648
	Other (specify):							
	Actuarial deficit loan	6	4 479 628 407	- 4 479 628 407	-	3 990 249 123	-	3 990 249 123
	<b>Total current investment assets (P)</b>		<b>8 298 714 018</b>	<b>8 298 714 018</b>	<b>-</b>	<b>4 573 476 329</b>	<b>-</b>	<b>4 573 476 329</b>

ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS – CONT'D  
year ended 31 December 2023

		2023			2022		
	Sub Account 1 ZWL	Sub account 2 ZWL	Total ZWL	Sub account 3 US\$	Sub account 1 ZWL	Sub account 2 ZWL	Total ZWL
<i>Assets (continued)</i>							
<b>D Sundry debtors</b>							
Rental arrears	7 1 336 426 802	-	1 336 426 802	-	83 172 933	-	83 172 933
Interest receivable	5 807 967	-	5 807 967	-	20 656 068	-	20 656 068
Other	1 210 313 081	-	1 210 313 081	-	127 742 981	-	-
<b>Total sundry debtors (Q)</b>	<b>2 552 547 851</b>	<b>-</b>	<b>2 552 547 851</b>	<b>-</b>	<b>231 571 982</b>	<b>-</b>	<b>231 571 982</b>
<b>Total assets (N+O+P+Q) =R</b>	<b>306 133 701 334</b>	<b>-</b>	<b>306 133 701 334</b>	<b>-</b>	<b>32 097 646 511</b>	<b>-</b>	<b>32 097 646 511</b>
<b>E Non-Actuarial Liabilities</b>							
Arrear pension benefits	8 1 538 251	-	1 538 251	-	31 451 921	-	31 451 921
Provisions	109 378 423	-	109 378 423	-	5 074 887	-	5 074 887
Other creditors	886 030 492	-	886 030 492	-	18 937 176	-	18 937 176
<b>Total non-actuarial liabilities (S)</b>	<b>996 947 166</b>	<b>-</b>	<b>996 947 166</b>	<b>-</b>	<b>55 463 984</b>	<b>-</b>	<b>55 463 984</b>
<b>Net assets available for benefits at end of year (R-S) = T</b>	<b>305 136 754 168</b>	<b>-</b>	<b>305 136 754 168</b>	<b>-</b>	<b>32 042 182 527</b>	<b>-</b>	<b>32 042 182 527</b>
<b>F Actuarial Liabilities</b>							
<b>Members' Liabilities</b>							
Active members	116 704 703 242	-	116 704 703 242	-	10 571 101 073	-	10 571 101 073
Pensioners	166 982 763 352	-	166 982 763 352	-	17 894 472 024	-	17 894 472 024
Deferred pensioners	4 044 910 665	-	4 044 910 665	-	365 788 460	-	365 788 460
Pending exits	1 274 715 721	-	1 274 715 721	-	113 033 923	-	113 033 923
Unclaimed benefits	1 121 001 929	-	1 121 001 929	-	555 628 234	-	555 628 234
<b>Reserves</b>							
Reserves – data and exit revaluation	12 003 143 307	-	12 003 143 307	-	1 064 364 667	-	1 064 364 667

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

**STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS – CONT'D**  
**year ended 31 December 2023**

	2023				2022		
	Sub Account 1 ZWL	Sub account 2 ZWL	Total ZWL	Sub account 3 US\$	Sub account 1 ZWL	Sub account 2 ZWL	Total ZWL
<b>Actuarial liabilities (continued)</b>							
Total Actuarial Liabilities (U)	302 131 238 216	-	302 131 238 216	-	30 564 388 381	-	30 564 388 381
Surplus/Deficit (T-U)	3 005 515 952	-	3 005 515 952	-	1 477 794 146	-	1 477 794 146

Board Chairperson

Board Member

22 March 2024

Principal Officer

# ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND

## STATEMENT OF CASHFLOWS year ended 31 December 2023

	<b>Total 2023 ZWL</b>	<b>Total 2022 ZWL</b>
<b>Net cash flows from membership activities</b>		
Cash received from contributions	-	-
Benefits paid	(9 098 735 295)	(870 229 128)
Cash transferred from other funds	-	-
Cash transferred to other funds	-	-
<b>Net cash flows from membership activities</b>	<b>(9 098 735 295)</b>	<b>(80 229 128)</b>
<b>Cash flows collected from other operating activities (V)</b>		
Other operating income	1 594 936 184	72 384 249
Cash paid to suppliers		
Actuarial fees	(57 599 667)	(13 976 642)
Administration expenses	(596 873 945)	(56 728 034)
Audit fees	(33 255 766)	(4 450 345)
Bank charges	-	-
Levies and subscriptions paid	(113 210 984)	(6 288 282)
Cash paid to employees		
Staff expenses	(1 145 841 142)	(145 484 931)
Board expenses	(201 300 378)	(22 840 304)
Bank charges	(371 516 474)	(29 780 117)
<b>Net cashflows from other operating activities</b>	<b>(924 662 170)</b>	<b>(207 164 406)</b>
<b>Cashflow from investing activities</b>		
Purchase of operating assets	(2 089 234)	-
Purchase of investment property	(2 441 650 088)	(734 879 222)
Purchase of financial assets	(521 828 779)	(128 436 282)
Proceeds from loan repayments	7 341 541 516	1 257 000 000
Proceeds from sale of investment property		-
Proceeds from sale of financial assets	1 038 314 932	9 034 999
Property expenses paid	(709 980 238)	(63 917 921)
Rent received	7 592 175 340	687 590 112
Interest received	913 285 390	62 915 031
Dividends received	494 067 759	99 264 752
Investment management fees paid	(98 959 172)	(19 218 409)
Tax paid	-	-
Custodial fees paid	-	-
Other investing activities (specify)	-	-
<b>Net cash inflows/(outflows) from investing activities (X)</b>	<b>13 604 877 427</b>	<b>1 169 353 060</b>
<b>Net cash inflow/(outflow) for the year (V+W+X) =Y</b>	<b>3 581 479 962</b>	<b>91 959 526</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>237 605 648</b>	<b>145 646 122</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3 819 085 610</b>	<b>237 605 648</b>

# ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND

## MEMBERSHIP STATISTICS

31 December 2023

		In Zimbabwe 2023	2022	Outside Zimbabwe 2023	2022
<b>I</b>	<b>Number of principal members at the beginning of the year</b>	<b>4 639</b>	<b>4 811</b>	-	-
	Number of beneficiaries at the beginning of the year	2 484	2 424	-	-
	<b>TOTAL</b>	<b>7 123</b>	<b>7 235</b>		
<b>II</b>	<b>Principal membership as at the end of the year</b>				
(a)	new entrants for the year	-	-	-	-
(b)	active members	-	-	-	-
(c)	deferred pensioners	2 536	2 535	-	-
(d)	pensioners	1 810	1 856	-	-
(e)	suspended pensioners	123	93	-	-
(f)	members with unclaimed benefits	157	155	-	-
(g)	transfer in	-	-	-	-
	<b>Total membership as at the end of the year</b>	<b>4 626</b>	<b>4 639</b>	-	-
<b>III</b>	<b>Beneficiaries as at the end of the year</b>				
(a)	Pensioners:				
	Surviving spouse	1 649	1 583	-	-
	Children	237	261	-	-
	Other dependents	-	-	-	-
(b)	Suspended pensioners:				
	Surviving spouse	399	405	-	-
	Children	169	235	-	-
	Other dependents	-	-	-	-
	<b>Total beneficiaries as at the end of the year</b>	<b>2 454</b>	<b>2 484</b>	-	-
<b>IV</b>	<b>Exits as at the end of the year</b>				
(a)	Transfers out	-	2	-	-
(b)	Full commutations	3	6	-	-
(c)	Death	10	164	-	-
(d)	Other	-	-	-	-
		13	172	-	-

# **ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

## **STATEMENT OF ACCOUNTING POLICIES**

**31 December 2023**

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### **A REGISTRATION AND ACTIVITIES**

The Zimbabwe Electricity Supply Authority Staff Pension Fund (“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 the employees of ZESA Holdings Limited and its subsidiaries and Rural Electrification Fund (REF).

### **B 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 their 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.

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.

**STATEMENT OF ACCOUNTING POLICIES**

**31 December 2023**

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**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.

## **ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND**

### **STATEMENT OF ACCOUNTING POLICIES**

**31 December 2023**

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#### **H Revenue**

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

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 shares

#### **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 SUPPLY AUTHORITY STAFF PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 1 PROPERTY, PLANT AND EQUIPMENT

	<b>Furniture and Fittings ZWL</b>	<b>Computers ZWL</b>	<b>Total ZWL</b>
<b>Net carrying amount as at 1 January 2022</b>	<b>1 618 263</b>	<b>208</b>	<b>1 618 471</b>
Cost	1 978 825	273	1 979 098
Depreciation	(360 562)	(65)	(360 627)
Additions	5 135 294	2 802 560	7 937 854
Transfers to investment property	(6 624 392)	-	(6 624 392)
<b>Net carrying amount as at 31 December 2022</b>	<b>4 329 600</b>	<b>574 000</b>	<b>4 903 600</b>
Cost	489 727	2 802 833	3 292 560
Revaluation	3 479 311	(2 228 898)	1 250 413
Depreciation	360 562	65	360 627
Additions	2 089 234	-	2 089 234
Revaluation gains	25 169 442	3 186 509	28 355 951
<b>Net carrying amount as at 31 December 2023</b>	<b>31 588 276</b>	<b>3 760 509</b>	<b>35 348 785</b>
Cost	2 758 961	2 802 833	5 561 794
Revaluation gains	29 009 315	957 676	29 966 991
		<b>2023 ZWL</b>	<b>2022 ZWL</b>

### 2 INVESTMENT PROPERTY

Opening balance	19 623 785 042	3 578 150 000
Additions	2 441 650 088	734 879 222
Revaluation gains	233 159 998 038	15 310 755 820
	<b>255 225 433 168</b>	<b>19 623 785 042</b>

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

The fair value of the Fund's investment property as at 31 December 2023 has been arrived at on the basis of a valuation carried out at that date by ZIMRE Property Investments, independent valuers. 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.

	<b>2023 ZWL</b>	<b>2022 ZWL</b>
<b>3 QUOTED SHARES</b>		
Opening balance	2 657 840 722	1 094 692 872
Additions	491 156 302	128 436 282
Disposal	(312 414 383)	(8 692 306)
Fair value gains	15 600 139 967	1 443 403 874
	<b>18 436 722 608</b>	<b>2 657 840 722</b>
<b>4 UNQUOTED SHARES</b>		
Opening balance	75 506 499	71 973
Additions	-	11 282 280
Disposal	-	(4 174 450)
Fair value gain	(134 913 151)	34 580 137
Exchange gain	461 937 551	33 746 559
	<b>402 530 899</b>	<b>75 506 499</b>

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND****NOTES TO THE FINANCIAL STATEMENTS****31 December 2023**

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**5 PRESCRIBED ASSETS****5.1 Analysis investment report**

Type of instrument	Name of Issuer	Date of issue	Date of purchase	Maturity date	Purchase price ZWL	Fair value ZWL	Interest received ZWL	Dividend received ZWL
<b>5.1.1 Non-current assets</b>								
Marondera Medical Facility	ZESA Staff Pension Fund	3/4/2023	3/4/2023	31/3/2028	2 194 672 248	2 194 672 248	-	-
<b>Total</b>					<b>2 194 672 248</b>	<b>2 194 672 248</b>	<b>-</b>	<b>-</b>

# ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 ZWL	2022 ZWL
<b>5 UNQUOTED SHARES</b>		
Opening balance	75 530 899	71 973
Additions	-	11 282 280
Disposal	-	(4 174 450)
Fair value gain	(134 13 151)	34 580 137
Exchange gain	461 937 551	33 746 559
	<b>402 530 899</b>	<b>75 506 499</b>
<b>6 ACTUARIAL DEFICT</b>		
Opening balance	8 920 811 460	3 461 841 850
Interest accrued	24 082 762 467	6 715 969 610
Repayments	(7 341 541 516)	(1 257 000 000)
	<b>25 662 032 411</b>	<b>8 920 811 460</b>
Due within 12 months	4 479 628 407	3 990 249 123
Due over 12 months	21 182 404 004	4 930 562 337

## 7 DEBTORS AGEING

	2023			2022		
	Rental arrears	Contribution arrears	Other (specify)	Rental arrears	Contribution arrears	Other (specify)
Below 30 days	464 721 781			44 865 011	-	-
Between 31 days and 90 days	211 241 034			28 136 143	-	-
91 days and 180 days	74 023 490			10 171 779	-	-
181 days and above	586 440 497			-	-	-
<b>Total at the end of reporting period</b>	<b>1 336 426 803</b>			<b>83 172 933</b>	<b>-</b>	<b>-</b>

## 8 ARREAR PENSION CONTRIBUTIONS

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	

## 9 UNCLAIMED BENEFITS AGE ANALYSIS

	Less than 1 year ZWL	1-2 years ZWL	2-5 years ZWL	6-10 years ZWL	10 years+ ZWL	Total ZWL
Amount	-	-	-	- 1 121 001 929		1 121 001 929
No of members	-	-	-	-	157	157

# ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

	2023 US\$	2022 US\$
<b>10 US\$ DENOMINATED TRANSACTIONS AND BALANCES</b>		
<b>10.1 Revenue</b>		
Rent	482 796	340 207
Dividends	130 914	92 682
Interest	314	-
Gain on disposal	-	73 837
	<b>614 024</b>	<b>506 726</b>
<b>10.2 Expenses</b>		
Benefit payments	574 138	365 051
Administration expenses	18 998	2 859
Bank charges	867	665
Investment expenses	11 723	-
Board expenses	2 581	-
Property expenses	12 183	193
	<b>620 490</b>	<b>368 768</b>
<b>10.3 Assets</b>		
Quoted shares	1 353 560	886 236
Investment property	75 821	72 381
Unquoted shares	52 840	60 738
Rent	59 188	15 512
Cash at bank	140 753	155 762
Money market	40 514	-
Interest accrued	251	-
	<b>1 722 928</b>	<b>1 190 629</b>

All the above transactions and balances are reported in the statement of comprehensive income and statement of financial position.

## 11 Related party transactions and balances

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

	2023 ZWL	2022 ZWL
<b>Rent income</b>		
ZETDC	1 868 179 237	179 232 034
ZPC	1 570 819 806	72 699 447
REA	639 181 044	59 866 259
Powertel	9 116 529	1 049 323
	<b>4 087 296 616</b>	<b>312 847 063</b>

**ZIMBABWE ELECTRICITY SUPPLY AUTHORITY STAFF PENSION FUND****NOTES TO THE FINANCIAL STATEMENTS****31 December 2023****11 Related party transactions and balances-cont'd**

The following amounts were outstanding as at reporting date

	<b>2023 ZWL</b>	<b>2022 ZWL</b>
ZETDC	221 123 055	3 312 970
ZPC	157 496 631	23 936 125
REA	202 769 699	8 172 796
Powertel	9 443	-
	581 398 828	35 421 891

**12 FINANCIAL VALUATIONS**

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

- (i) Assess the Fund's financial position.
- (ii) Recommend a pension increase to be made to pensions in payment from the Fund.
- (iii) Recommend an interest rate to be credited to each member's account as at financial year end.
- (iv) 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 ZWL3 005 515 952.

The financial review recommended for a pension increase of 203.85% after taking into account the pension increases and bonuses awarded during the year as detailed below:

	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sept</b>
Pension increase awarded	6.1%	5.42%	4.35%	15%	100%	30.66%	-	-	-

The final bonus awarded were as follows:

	<b>Final Bonus Awarded</b>
Paid up members	1 028%

**13 COMPLIANCE WITH IPEC REGULATIONS**

The Fund in ensuring compliance with the guidelines measured assets at fair value at the measuring date of 31 December 2019. The Fund has assessed and concluded that transactions and balances rate to Sub 1 and Sub 2 did not have transactions. This was a result of the fact that:

- (i) The Fund did not have new members since 2004.
- (ii) All income received related to returns generated by assets that were there and repayments towards actuarial deficit by the employer.

**14 GOING CONCERN**

The Board 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 CONTEGENT ASSET**

The Fund is negotiating with the sponsoring employer to link the actuarial deficit to USD. This will have an impact of increasing the actuarial deficit amount.