



**Parker Randall**

**FAMBIDZANAI PERMACULTURE CENTRE**

**Financial Statements**

**For the year ended 31 December 2020**

**FAMBIDZANAI PERMACULTURE CENTRE**

**FINANCIAL STATEMENTS  
31 December 2020**

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## SUMMARISED INFORMATION FOR THE ENTITY

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### NATURE OF BUSINESS

Fambidzanai Permaculture Centre is a non-governmental organization training centre and operates as a branch of the Zimbabwe Institute of Permaculture ("ZIP"). ZIP was registered as a trust organization in Zimbabwe in 1992. The Entity aims at enriching the quality of for rural and urban communities in Zimbabwe and other regions at large through participatory training in sustainable agriculture.

<b>BOARD OF TRUSTEES</b>	:	Prof. Christopher Gadzirayi (PhD) (Chairperson) Mrs. Ruth Nhongonhema (Vice Chairperson) Mr. Masimba Zanyika (Treasurer) Ms. Linda Motsi (Vice Treasurer) Father. B. McGarry (Honorary Member) Mr. Ebbie Dengu (Development Work Advisor) Mr. Henry Chimbodza (Business Development Advisor) Mrs. Joyce Chavarika (Honorary Member) Mr. Oscar Ngwende (Legal Advisor) Mr. Joseph Gondo (Government Representative) Mr. Kudzanai Lewis Mashingaidze (Executive Director)
<b>BANKERS</b>	:	ZB Bank Avondale Branch <b>HARARE</b>  Agribank Maphisa Branch <b>HARARE</b>  FBC bank Belgravia Branch <b>HARARE</b>  BancABC Francistown Branch <b>BOTSWANA</b>
<b>OPERATING OFFICE</b>	:	Fambidzanai Permaculture Centre 4 Dovedale Road Mt Hampden <b>HARARE</b>
<b>AUDITORS</b>	:	Parker Randall Chartered Accountants (Zimbabwe) 44 Arthur Davies, Cranborne <b>HARARE</b> Email : <a href="mailto:info@parkerrandall.co.zw">info@parkerrandall.co.zw</a> Tel : +263-242-572633 Cell : +263-773 406 876/+263-719 406 876

## THE BOARD OF TRUSTEES OF FAMBIDZANAI PERMACULTURE CENTRE'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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The Board of Trustees ("Trustees") of Fambidzanai Permaculture Centre ("FPC" or "the Entity") are required in terms of the National Trust Act [Chapter 25:12] and Trustees Act [Chapter 24: 04] 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 Entity 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 Entity's external auditors, **Parker Randall Chartered Accountants**, were 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 Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Entity and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the Entity 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 Entity and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Entity is on identifying, assessing, managing and monitoring all known forms of risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Trustees 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 Trustees have reviewed the Entity's cash flow forecast for the year to 31 December 2021 and, in the light of this review and the current financial position, they are satisfied that the Entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 7 to 25, which have been prepared on the going concern basis, were approved by the Trustees on 10 DECEMBER 2021 and were signed on their behalf by:

  
.....  
**CHAIRPERSON**

  
.....  
**TREASURER**

  
.....  
**EXECUTIVE DIRECTOR**



CHARTERED ACCOUNTANTS (ZIMBABWE)  
Member Firm Parker Randall International.

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PAAB Reg Number: Z10076

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

### FAMBIDZANAI PERMACULTURE CENTRE

#### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the **Basis for Qualified Opinion** paragraph, the accompanying financial statements present fairly, in all material respects the financial position of Fambidzanai Permaculture Centre as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

We have audited the financial statements of the Entity, set out on pages **7 to 25** which comprise the following;

- The statement of financial position as at 31 December 2020;
- The statement of comprehensive income for the year ended 31 December 2020
- Statement of changes in accumulated funds for the year ended 31 December 2020;
- Statement of cash flows for the year then ended, and
- Notes on the financial statements, including a summary of significant accounting policies.

#### Basis for Qualified Opinion

##### Inability to obtain sufficient appropriate audit evidence on cash on hand at 31 December 2020

The Entity's cash and cash equivalents included cash on hand as at 31 December 2020 amounting to **US\$8 969**. We were unable to obtain sufficient appropriate audit evidence about the existence and valuation of such amounts as we were appointed as the auditors in the year 2021 and therefore, were not able to attend and witness the cash count exercise as at 31 December 2020. Moreover, the Entity did not maintain the cash count certificates as at 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and have fulfilled our responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis Matter

We draw attention to note 17 to the financial statements which describes the revaluation of fully depreciated non-current assets as at 31 December 2020. Our opinion is not qualified in respect of this matter.

Names of partners are available at our offices.

## **Key Audit Matters**

This section of our audit report is intended to describe the matters selected from those communicated with those charged with governance that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2020.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

### **Conversions of amounts from ZWL\$ into US\$**

The Government of Zimbabwe issued Statutory Instrument 33 of 2019 which prescribes parity between the US Dollar and the local currency as at and up to the effective date of 22 February 2019 with the opening rate for USD: RTGS\$ pegged at 1:2.5. Furthermore, Central Bank introduced the local currency in place of multi-currency system in June 2019 and all local transactions were to be denominated in local currency (ZWL\$) from June 2019 onwards.

As part of our risk assessment, we reviewed the existing foreign exchange control, put in place by Monetary Authorities in Zimbabwe and compared it to compliance by the entity. We noted that FPC incurred some of its transactions in ZWL\$ and converted them to US\$ using the interbank exchange rate for reporting purposes.

### **Going Concern**

The Entity's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Entity's financial statements is appropriate.

The Trustees of Fambidzanai Permaculture Centre have not identified a material uncertainty that may cast significant doubt on the Entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, due to unforeseen events, neither management nor the auditor can guarantee the Entity's ability to continue as a going concern.

### **Responsibilities of Trustees for the Financial Statements**

The Trustees of Fambidzanai Permaculture Centre are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are responsible for overseeing the Entity financial reporting process.

### **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 ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- 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.

We are required to communicate with the Trustees 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 are also required to provide the Trustees 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.

**Report on legal and regulatory requirements**

In our opinion, the financial statements have been properly prepared in accordance with the accounting policies set out on **pages 11 to 16** and comply with the provisions of the National Trust Act [Chapter 25: 12] and Trustees Act [Chapter 24: 04] and related donor agreements.

*Parker Randall*

**PARKER RANDALL CHARTERED ACCOUNTANTS**  
Harare, Zimbabwe

**Name of engagement partner: Dumisani Nderere**

**PAAB practising number: 0551**

*13 December*.....2021

**FAMBIDZANAI PERMACULTURE CENTRE**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2020**

	Note	2020 US\$	2019 US\$
<b>INCOME</b>			
Grants received	2	592 227	576 378
Fambidzanai Permaculture Centre contribution	3	31 315	9 418
Gross income from trading activities	4	73 791	24 488
Interest received on grants income		60	44
		<u>697 393</u>	<u>610 328</u>
<b>EXPENDITURE</b>			
Programme expenses	5	(574 299)	(594 678)
Lands costs	6	(6 874)	(4 881)
Catering and accommodation costs	7	(5 390)	(4 776)
Training costs	8	(1 234)	(8 807)
Employee benefit costs	9	(21 245)	(25 023)
Administration expenses	10	(14 989)	(15 934)
		<u>(624 031)</u>	<u>(654 099)</u>
<b>Surplus / (deficit) for the year</b>		<u><b>73 362</b></u>	<u><b>(43 771)</b></u>



FAMBIDZANAI PERMACULTURE CENTRE


STATEMENT OF FINANCIAL POSITION  
As at 31 December 2020

	Note	2020 US\$	2019 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	24	954 841	957 273
<b>Current assets</b>			
Inventories	11	10 693	10 538
Biological assets	12	944	944
Accounts receivables	13	39 300	28 757
Cash and cash equivalents	14	145 069	133 800
		<u>196 006</u>	<u>174 039</u>
<b>Total assets</b>		<u>1 150 847</u>	<u>1 131 312</u>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
Accumulated funds		1 061 573	980 621
<b>Current liabilities</b>			
Accounts payables	15	65 983	103 033
Short-term provisions	16	23 291	47 658
		<u>89 274</u>	<u>150 691</u>
<b>Total accumulated funds and liabilities</b>		<u>1 150 847</u>	<u>1 131 312</u>

  
CHAIRPERSON

  
EXECUTIVE DIRECTOR

10 DECEMBER 2021

  
TREASURER

**FAMBIDZANAI PERMACULTURE CENTRE**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**  
**For the year ended 31 December 2020**

	<b>Non-distributable Reserve USD</b>	<b>Accumulated Funds USD</b>	<b>Total USD</b>
Balance as at 31 December 2018	1 032 519	(8 127)	1 024 392
Surplus for the year	-	(43 771)	(43 771)
Balance as at 31 December 2019	<u>1 032 519</u>	<u>(51 898)</u>	<u>980 621</u>
Revaluation of non-current assets	7 590	-	7 590
Surplus for the year	-	73 362	73 362
<b>Balance as at 31 December 2020</b>	<b><u>1 040 109</u></b>	<b><u>21 464</u></b>	<b><u>1 061 573</u></b>

**FAMBIDZANAI PERMACULTURE CENTRE**

**STATEMENT OF CASHFLOWS**  
**For the year ended 31 December 2020**

	Note	2020 US\$	2019 US\$
<b>Cash flows from operating activities</b>			
Surplus/ (deficit) for the year		73 362	(43 771)
<b>Adjustments for non-cash items:</b>			
Depreciation	10	10 022	10 194
Movement in leave day provisions	16	(24 367)	15 910
Movement in gratuity payable provisions	16	-	2 149
Cash generated by operating activities before working capital changes		<u>59 017</u>	<u>(15 518)</u>
(Increase)/decrease in inventory		(155)	(5 025)
(Increase)/decrease in biological assets		-	(343)
(Increase)/decrease in accounts receivables		(10 543)	(10 648)
Increase/(decrease) in accounts payables		(37 050)	12 390
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>11 269</u></b>	<b><u>(19 144)</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b><u>133 800</u></b>	<b><u>152 944</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	14	<b><u>145 069</u></b>	<b><u>133 800</u></b>

## FAMBIDZANAI PERMACULTURE CENTRE

### STATEMENT OF ACCOUNTING POLICIES For the year ended 31 December 2020

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#### 1. GENERAL INFORMATION

Fambidzanai Permaculture Centre ("the Entity") is a non-governmental organization training centre registered as a trust in Zimbabwe in 1992. It aims to enrich the quality of for rural and urban communities in Zimbabwe and other regions at large through participatory training in sustainable agriculture.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies will be consistently applied to all the years presented, unless otherwise stated.

#### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared on the historical cost basis, from statutory records that are maintained under the historical cost convention and incorporate the principal accounting policies set out below. They are presented in US Dollars.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Property, plant and equipment

###### i) Initial Recognition

Property, plant and equipment is carried at historical cost less accumulated depreciation. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. Gains and losses on disposal of an asset, which are determined by comparing proceeds with carrying amounts, are included in the statement of comprehensive income.

###### ii) Subsequent measurement

Land and buildings office buildings and staff houses. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

Land	Nil
Buildings	5%
Plant and Equipment	10%
Motor vehicles	20%
Computer equipment	25%
Motor bikes	20%
Furniture and fittings	10%
Kitchen equipment	25%
Bedding and linen	33%
Loose tools	20%
Other	25%

## FAMBIDZANAI PERMACULTURE CENTRE

### STATEMENT OF ACCOUNTING POLICIES For the year ended 31 December 2020

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#### 3.2 Biological assets

Biological assets which comprise of living animals and plants are measured at cost on initial recognition and subsequently at fair value less cost to sell.

The Entity recognizes a biological asset or agricultural produce when:

- the entity controls the assets as a result of past events;
- future economic benefit is probable and
- fair value or cost of asset can be measured reliably.

#### 3.3 Inventories

Inventories are measured at lower of cost and net realizable value on the first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the related variable selling expenses.

The cost of inventories comprises of all costs of purchase, costs of publication and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognized as expenses in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write down of loss occurs.

#### 3.4 Account receivables

Accounts receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected within one year, they are classified as current assets. If not, they are presented as non-current assets

#### 3.5 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

#### 3.6 Account payables

Accounts payables present obligations to transfer resources embodying economic benefits for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if settlement or payment is due within one year, otherwise they are classified as non-current liabilities.

Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

## FAMBIDZANAI PERMACULTURE CENTRE

### STATEMENT OF ACCOUNTING POLICIES For the year ended 31 December 2020

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#### 3.7 Employee benefits

##### a) Terminal benefits

Terminal benefits are payable when employment is terminated by the Entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Entity recognizes terminal benefits when it is demonstrably committed to a termination when the Entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

##### b) Short-term employee benefits

These benefits include salaries and related payments, leave pay and medical scheme payments and other employee payments related to employment conditions.

#### 3.8 Revenue recognition

##### a) Sales of goods

Revenue from the sale of goods is recognized when the Entity satisfies performance obligation. The performance obligation is usually satisfied when significant risks and rewards of ownership of the goods have passed to the buyer (when the goods are physically or constructively delivered) such that the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

##### b) Grant income

This represents funds received or receivable for specific projects or general purpose. The donations are recognized either upon the amounts being credited to the current account of the Entity or upon the transaction being approved by the donor.

##### c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

#### 3.9 Financial instruments

##### Classification

The Entity classifies financial assets and financial liabilities into the following categories: Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

## **FAMBIDZANAI PERMACULTURE CENTRE**

### **STATEMENT OF ACCOUNTING POLICIES** **For the year ended 31 December 2020**

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#### **Initial recognition and measurement**

Financial instruments are recognised initially when the Entity becomes a party to the contractual provisions of the instruments.

The Entity classifies financial instruments, or their component parts or initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus and deficit, transition costs are included in the initial measurement of the instrument.

#### **Subsequent measurement**

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being include in surplus or deficit for the period.

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership.

#### **Impairment of financial assets**

At each reporting date the Entity assesses all financial assets, other than those at fair value through surplus or deficit to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

#### **Impairment losses are recognised in surplus or deficit.**

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an even occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not be recognized.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in surplus or deficit within operating expenses. When such assets are written off, the write off is made against relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses

#### **3.10 Impairment of assets**

The Entity 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 Entity 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 assets, the recoverable amount of the cash generating unit to which the asset belongs is determined.

## FAMBIDZANAI PERMACULTURE CENTRE

### STATEMENT OF ACCOUNTING POLICIES For the year ended 31 December 2020

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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 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 attributed 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.

#### 3.11 Provisions

Provisions are recognised when:

- The Entity has a present obligation as a result of a past event
- It is probable that the Entity will be required to transfer economic benefits in settlement; and
- The amount of the obligation can be estimated reliably.

#### 3.12 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, an exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity.

When a gain or loss on a non-monetary is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.



## FAMBIDZANAI PERMACULTURE CENTRE

### STATEMENT OF ACCOUNTING POLICIES For the year ended 31 December 2020

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#### 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Entity's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Entity has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

##### 4.1 Going concern

The board of trustees assess the ability of the Entity to continue as a going concern at the end of each financial year. The assessment involves making assumptions in the budgets and forecasts and consideration of the remaining life of the mine.

##### 4.2 Depreciation

The Entity's management determines the useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on projected lives of these assets. Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated production over the remaining life of mine. Each item's life, which is assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Changes in estimates are accounted for prospectively. Refer to note 23 for the carrying amount of property, plant and equipment and accounting policy note 3.1 for the useful lives of property, plant and equipment.

##### 4.3 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

##### 4.4 Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

## FAMBIDZANAI PERMACULTURE CENTRE

### NOTES ON THE FINANCIAL STATEMENTS For the year ended 31 December 2020

#### 1 INCORPORATION

Fambidzanai Permaculture Centre ("the Entity") is a non-governmental organization training centre and operates as a branch of the Zimbabwe Institute of Permaculture ("ZIP"). ZIP was registered a trust in Zimbabwe in 1992. The Entity aims at enriching the quality of for rural and urban communities in Zimbabwe and other regions at large through participatory training in sustainable agriculture.

	2020 US\$	2019 US\$
<b>2 GRANTS RECEIVED</b>		
Bread For The World	224 185	169 319
Dan Church Aid	64 763	58 447
Heks Eper	-	105 080
Isle on Man	226 703	164 119
Pelum Zimbabwe	2 500	18 046
Trocaire	57 185	61 367
Tudor Trust	16 891	-
	<u>592 227</u>	<u>576 378</u>
<b>3 FAMBIDZANAI PERMACULTURE CENTRE CONTRIBUTION</b>		
Contribution towards Bread For The World projects	31 315	9 418
	<u>31 315</u>	<u>9 418</u>
<b>4 GROSS INCOME FROM TRADING ACTIVITIES</b>		
<b>Sales-Training services</b>		
Accommodation	6 029	17 023
Application fee	155	57
Books and handouts	20	159
Chickens	1 254	422
Dryland	108	-
Ducks	50	-
Eggs	1	-
Fish	27	-
Food	788	113
Goat	25	-
Herbs and Trees	4 636	1 123
Lands-InterD	190	606
Mushroom	7 243	2
Orchard section	55	42
Pigs	272	62
Tuition fee	16 345	37 492
Vegetables-lands	-	507
	<u>37 198</u>	<u>57 608</u>

**FAMBIDZANAI PERMACULTURE CENTRE**

**NOTES ON THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cost of sales-Training services</b>		
Accommodation - overflow rental costs	-	(722)
Diploma - students hospitality	3 549	-
Diploma costs	7 415	(18 815)
Direct labour - catering	30	-
Direct labour - dryland	744	-
Facilitators sub-contracting - training	840	-
Hiring costs -chairs and tents	445	(138)
Perdiems – training services	120	-
Purchases - catering	2 195	(5 500)
Purchases - course materials	263	-
Purchases - garden	89	-
Purchases - livestock feeds	472	-
Purchases – livestock	52	(117)
Purchases - nursery	150	-
Purchases -administration	52	-
Purchases-dryland	-	(745)
Stock adjustment-garden	-	2 424
Stock adjustment-livestock	(255)	944
Stock adjustment-publication	100	2 000
Training costs	-	(573)
Travel and accommodation – training services	6	-
	<u>16 267</u>	<u>(21 242)</u>
<b>Gross profit</b>	<b>20 931</b>	<b>36 366</b>
<b>Other income</b>		
Contribution central administration	38 820	-
Electricity income	-	50
Exchange rate loss	-	(19 009)
Facilities bookings	20	-
Garden tours income	1 506	15
Insurance reimbursements	-	967
Interest earned on staff loan	34	20
Interest received	174	34
Other sundry receipts	8 319	30
Profit or loss on sale of assets	-	(14)
Rental income	3 780	5 869
Token of appreciation – training	7	-
Tuck shop	-	160
Vehicle hire	200	-
	<u>52 860</u>	<u>(11 878)</u>
	<b><u>73 791</u></b>	<b><u>24 488</u></b>

**FAMBIDZANAI PERMACULTURE CENTRE**

**NOTES ON THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<b>5 PROGRAMME EXPENSES</b>		
Bread For The World	193 156	131 355
Dan Church Aid project	63 318	58 005
Heks Eper project	-	104 709
Isle on Man project	238 079	224 162
Pelum project	6 280	17 962
Trocaire project	58 776	58 485
Tudor Trust project	14 690	-
	<b>574 299</b>	<b>594 678</b>
<b>6 LANDS COSTS</b>		
Finance costs	1 881	721
Land levy	505	-
Repairs and maintenance	2 288	-
Tudor Trust fund - Staff costs	2 200	4 160
	<b>6 874</b>	<b>4 881</b>
<b>7 CATERING AND ACCOMODATION COSTS</b>		
Accommodation costs	-	1 673
Administration costs	340	261
Direct overhead costs	-	181
General expenses	-	149
Motor vehicle costs	-	700
Repairs and maintenance costs	10	30
Staff costs	5 040	1 782
	<b>5 390</b>	<b>4 776</b>
<b>8 TRAINING COSTS</b>		
Administration costs	816	-
General expenses	308	-
Motor vehicles costs	92	358
Repairs and maintenance costs	18	-
Staff costs	-	8 449
	<b>1 234</b>	<b>8 807</b>

**FAMBIDZANAI PERMACULTURE CENTRE**

**NOTES ON THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

	2020 US\$	2019 US\$
<b>9 EMPLOYEE BENEFIT COSTS</b>		
Land staff costs	8 941	-
Leave pay	-	11 196
NSSA contribution	7 014	1 293
Salaries and wages	4 680	12 216
Transport allowance	610	318
	<b>21 245</b>	<b>25 023</b>
<b>10 ADMINISTRATION EXPENSES</b>		
Accrued audit fee expense – for 2020 institutional audit	1 603	1 603
Audit expenses	-	-
Audit fees – projects audit	1 220	-
Bank charges	-	2 978
Board directors and management fees	430	94
Cleaning and toiletry	105	-
Computer expenses	8	-
Depreciation	10 022	10 194
Diploma allowances	12 985	-
Dividends paid	-	1 358
Electricity and water	217	481
Exchange rate loss	7 536	-
General expenses	-	(2 121)
Insurances-other assets	-	845
Internet and related costs	783	-
Leave pay	(24 367)	-
Levies - boreholes	69	(1 597)
Motor vehicle fuel and oils	1 276	-
Motor vehicle insurance	30	-
Motor vehicle repairs and maintenance	1 564	1 150
Perdiem	30	-
Plumping and electrical repairs and maintenance	416	355
Printing stationery and photocopying	20	-
Staff training and development	20	-
Staff uniforms and protective clothing and safety costs	128	-
Staff welfare	122	-
Telephone and fax	207	(831)
Token of appreciation – programs	90	-
Transport hire	80	-
Vehicle hire expenses	395	-
	<b>14 989</b>	<b>15 934</b>

FAMBIDZANAI PERMACULTURE CENTRE

NOTES ON THE FINANCIAL STATEMENTS  
For the year ended 31 December 2020

	2020 US\$	2019 US\$
<b>11 INVENTORIES</b>		
Repairs and maintenance tools	1 160	1 160
Livestock	1 248	993
Publications	4 099	4 199
Garden and nursery	4 186	4 186
	<u>10 693</u>	<u>10 538</u>
<b>12 BIOLOGICAL ASSETS</b>		
Valuation at the beginning of the year	944	601
Decrease owing to sales	-	(76)
Decrease owing to death	-	(121)
Increase owing to births	-	30
Increase owing to purchases	-	510
	<u>944</u>	<u>944</u>
<b>13 ACCOUNTS RECEIVABLES</b>		
Trade	14 400	13 193
Other (See note 13.1)	24 900	15 564
	<u>39 300</u>	<u>28 757</u>
<b>13.1 Other receivables</b>		
Staff loans	3 061	-
Salary advances	2 446	1 946
Staff project advances	19 393	12 057
	<u>24 900</u>	<u>15 564</u>
<b>14 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	145 069	133 800
	<u>145 069</u>	<u>133 800</u>
<b>15 ACCOUNTS PAYABLES</b>		
Trade	-	-
Other (See note 15.1)	65 983	103 033
	<u>65 983</u>	<u>103 033</u>

**FAMBIDZANAI PERMACULTURE CENTRE**

**NOTES ON THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

	2020 US\$	2019 US\$
<b>15.1 Other payables</b>		
NSSA	12 105	31 249
Collector of taxes	9 056	2 685
ZIMRA	-	-
Telone	-	325
Upper Manyame Sub-Catchment	-	1 834
Pelum	-	100
Heks Humanitarian Aid	-	211
Heks Main	-	575
Dan Church Aid	-	2 673
Trocaire	-	739
Payroll liabilities	41 616	60 762
Accrued expenses	-	-
Intercompany balances ABC Hivos	-	277
Accrued audit fees	3 206	1 603
	<b>65 983</b>	<b>103 033</b>

<b>16 SHORT-TERM PROVISIONS</b>	<b>Movement during the year</b>		
	<b>US\$</b>		
Leave pay	(24 367)	19 620	43 987
Gratuities payable	-	3 671	3 671
		<b>23 291</b>	<b>47 658</b>

**17 REVALUATION OF FULLY DEPRECIATED NON-CURRENT ASSETS**

The Trustees have revalued fully depreciated non-current assets as at 31 December 2020 which the Entity was economically benefiting by continued use to execute the organization operational activities. The Entity did not engage professional valuers to determine fair values for revaluation purposes in USDs, but performed desktop valuation.

**18 GOING CONCERN**

The Trustees have assessed the ability of the Entity to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate. The ability of the Entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the trustees continue to procure funding from different donors for ongoing operations of the Entity.

## **FAMBIDZANAI PERMACULTURE CENTRE**

### **NOTES ON THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

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#### **19 PENSION ARRANGEMENTS**

##### **19.1 National Social Security Authority Scheme**

As required by the legislation, all employees are members of the National Social Security Authority Scheme to which both the employees and the employer contribute.

#### **20 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The considered view of the Entity is that the fair values of the financial assets and financial liabilities of the Entity as at 31 December 2020 approximate the values shown in the statement of financial position as at that date.

#### **21 TREASURY AND FINANCIAL RISK MANAGEMENT**

The main risks arising from the Entity's operations are credit risk, liquidity and cash flow risk.

##### **21.1 Credit risk**

This is the risk that banks that the Entity use for its operations may default.

##### **21.2 Liquidity and cash flow risk**

This is the risk of insufficient liquid funds being available to cover the Entity's commitments. The cash resources available to the Entity as at 31 December 2020 are considered adequate to meet its short-term liquidity and cash flow requirements.

#### **22 EVENTS AFTER REPORTING DATE**

##### **22.1 COVID-19**

The Government of Zimbabwe declared a national lockdown to be effected from the 30th March 2020 in response to the World Health Organisation declaration of the COVID-19 outbreak as a pandemic. A second national lockdown was declared for the second time which was effected from the 6<sup>th</sup> of January 2021. The Entity considers this outbreak to be a non-adjusting event occurring after the reporting date.



FAMBIÐZANAI PERMACULTURE CENTRE

NOTES ON THE FINANCIAL STATEMENTS  
For the year ended 31 December 2020

23 PROPERTY, PLANT AND EQUIPMENT

23.1 Cost/valuation

	Land USD\$	Buildings USD\$	Plant & Equipment USD\$	Motor Vehicles USD\$	Computer Equipment USD\$	Motor Bikes USD\$	Sub Total USD\$
As at 31 December 2019	880 000	121 345	17 171	52 045	20 247	8 368	1 099 176
Revaluation	-	-	-	6 200	450	400	7 050
As at 31 December 2020	880 000	121 345	17 171	58 245	20 697	8 768	1 106 226

23.2 Depreciation

As at 31 December 2019	-	51 981	12 907	52 045	19 597	8 368	144 898
Charge for the year	-	6 067	1 717	-	650	-	8 434
As at 31 December 2020	-	58 048	14 624	52 045	20 247	8 368	153 332

23.3 Net book amount

As at 31 December 2020	880 000	63 297	2 547	6 200	450	400	952 894
As at 31 December 2019	880 000	69 364	4 264	-	650	-	954 278

**FAMBIDZANAI PERMACULTURE CENTRE**

**NOTES ON THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**23 PROPERTY, PLANT AND EQUIPMENT [CONTINUED]**

**23.1 Cost/valuation**

	Sub Total USD\$	Furniture & Fittings USD\$	Kitchen Equipment USD\$	Bedding & Linen USD\$	Loose Tools USD\$	Other Fixed Assets USD\$	Grant Total USD\$
As at 31 December 2019	1 099 176	7 378	666	6 380	1 952	3 398	1 118 950
Revaluation	7 050	-	200	220	120	-	7 590
As at 31 December 2020	<u>1 106 226</u>	<u>7 378</u>	<u>866</u>	<u>6 600</u>	<u>2 072</u>	<u>3 398</u>	<u>1 126 540</u>

**23.2 Depreciation**

As at 31 December 2019	144 898	5 733	666	6 380	1 952	2 048	161 677
Charge for the period	8 434	738	-	-	-	850	10 022
As at 31 December 2020	<u>153 332</u>	<u>6 471</u>	<u>666</u>	<u>6 380</u>	<u>1 952</u>	<u>2 898</u>	<u>171 699</u>

**23.3 Net book amount**

As at 31 December 2020	<b>952 894</b>	<b>907</b>	<b>200</b>	<b>220</b>	<b>120</b>	<b>500</b>	<b>954 841</b>
As at 31 December 2019	<b>954 278</b>	<b>1 645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 350</b>	<b>957 273</b>