



2022

Integrated
Annual
Report



SCOPE OF THIS REPORT

The report is the responsibility of the Board of Zimbabwe National Water Authority (ZINWA) or the This annual report is the responsibility of the Board of Directors of the Zimbabwe National Water Authority (ZINWA). ZINWA is governed by the Public Finance Management Act [Chapter 22:19] and the Public Entities Corporate Governance Act [Chapter 10:31]. The Authority is also guided by the International Financial Reporting Standards (IFRS). This annual report integrates material aspects of the Authority's environmental, social and governance impacts with the operational and financial performance of the business. It also represents the risks and opportunities that the Authority faces, while seeking to provide a concise and balanced account of performance over the reporting period. The report also covers the approach taken to address those social, economic, environmental and governance issues which have a material impact on long term success of the Authority and are also important to key stakeholders. Prior year comparatives have been provided, while in some instances, to illustrate historical trends, statistical and graphic representation cover up to five or more years.

About this Integrated Annual Report

This integrated annual report covers the financial year from 01 January 2022 to 31 December 2022 for Zimbabwe National Water Authority and all its operations in the country. The reporting cycle is annual with the last report having been published in July 2021.

Operating Business

This report covers the operational activities of ZINWA, its clear and raw water operations, dam projects, irrigation, and rural development projects as well as engineering and hydrological services.

Financial and Non-Financial Reporting

The report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes associated with key stakeholders which have a significant influence on ZINWA and its ability to be a sustainable business that consistently impacts the livelihoods of all communities.

Approval by the Board

The board acknowledges its responsibility of ensuring the integrity of this integrated annual report, which in the Board's opinion addresses all the issues that are material to the Authority's ability to deliver its mandate and presents the integrated performance fairly. This report was approved by the Board of Directors.

This report can viewed at
www.zinwa.co.zw

Please address any queries or comments on this report to callcentre@zinwa.co.zw or to jncube@zinwa.co.zw

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CORPORATE INFORMATION

The Zimbabwe National Water Authority (ZINWA) is a wholly Government entity mandated in terms of the ZINWA Act (Chapter 20:25) to plan, develop and manage the nation's water resources to ensure equitable and sustainable socio – economic development. In pursuit of this mandate, ZINWA has regard to the environmental, social, physical, and economic impacts of any of its activities or undertaking.





CHAIRPERSON'S STATEMENT

Introduction

On behalf of the Board of Directors of the Zimbabwe National Water Authority (ZINWA), I present the Authority's 2022 Annual Report to our valued stakeholders.

In the year under review, the Authority was involved in extensive water infrastructure development projects to support agriculture, mining, industry, urban and rural water supply.

The good rains received during the 2021/22 season provided sufficient inflows in dams and recharge for groundwater resulting in improved availability of water for use across all sectors.

I would like to highlight to our valued stakeholders that the opinion on the Authority's going concern status for the year 2022 has changed from prior years due to the fact that it has taken into account Public Sector Investment Program (PSIP) liabilities. These liabilities relate to outstanding payments for works done by Contractors on major PSIP water infrastructure projects. The Shareholder is progressively settling these liabilities. Water infrastructure projects are wholly funded by the Shareholder and ZINWA has the role of Project Engineer.

The Board has commenced implementation of organisational capacity building programmes to address gaps which led to an adverse opinion by the external auditors.

Operating Environment

The agriculture sector posted significant growth in 2022 as the nation achieved a record hectareage under irrigated wheat as Zimbabwe achieved wheat self – sufficiency during the year under review. The raw water sales for 2022 also reached a record 1.6 Million Megalitres from an average of 1.2 Million Megalitres over the years.

The economy continued to experience inflationary pressures which resulted in the increase in prices of inputs for the provision of water. ZINWA's approved tariffs were significantly below production cost up to September 2022. This gap between the tariff and costs, limited the Authority's ability to deliver services consistently. Most suppliers of goods and services indexed their prices to the United States Dollar. The prices of goods and services increased in line with inflation while ZINWA's tariff remained static.

I also wish to highlight that part of the Authority's raw water revenue was eroded by inflation as ZINWA supported the agriculture sector through allowing farmers to utilise water and pay after selling their produce. This arrangement is not sustainable in an inflationary environment. It is pleasing to note that in 2023, the Government announced producer prices for strategic crops in United States Dollars which will be partly paid in USD and partly in ZWL. This gives the Authority an opportunity to have stop order facilities with the same conditions for irrigators.

The provision of clear water was significantly affected by load shedding which reduced operating hours for most of our water pumping stations for the greater part of the year. Power availability is expected to improve in 2023.

Water Infrastructure Projects

The Authority appreciates the continued support and thrust of the Shareholder in the construction of major water infrastructure as the nation aims to climate – proof the agriculture sector. The construction of 12 high impact dams was supported in 2022 with major emphasis on Gwayi – Shangani and Chivhu dams which were targeted for completion. Construction of the Gwayi – Shangani to Bulawayo Pipeline also commenced in 2022 to enable conveyance of water from the Lake to Bulawayo upon completion of the dam. While the progress on these projects was limited by unavailability of financial resources, remarkable progress was made in the construction of these major water infrastructure projects, as highlighted in this report. Borehole drilling under the Presidential Rural Development Programme gathered momentum in 2022 with Government supporting the Authority with ten (10) new drilling rigs.

ZINWA'S 2022 Financial Performance

ZINWA continued to operate with a surplus for the year ending 31 December 2022, posting an inflation adjusted profit of ZWL\$131 billion.

Appreciation

I would like to express gratitude to my fellow Board Members, ZINWA management and staff for their efforts and resilience, to ensure that the Authority's continued delivering its mandate under challenging circumstances. On behalf of the Board, may I, once again, express ZINWA's appreciation for its stakeholders and clients as well as to the Shareholder, the Government of Zimbabwe, for support and leadership to the Authority.

I thank you.



.....
Eng. Bongile Ndiweni
BOARD CHAIRPERSON



CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

The Authority continued on a growth trajectory as it implemented various projects and programmes to increase water availability and supply to all sectors of the economy. Despite the challenging economic environment, the Authority managed to increase raw water supply through enhanced water conservation capacity and improved management of the nation's dams.

The improvement of water security for the two largest cities, Harare and Bulawayo, gained momentum in 2022 through construction of the Kunzvi Water Supply Project and the National Matabeleland Zambezi Water Project, respectively.

Urban and rural settlements continue to grow across the country and the Authority continued expanding its water supply services to cater for this increasing demand for water through expansion of existing water supply infrastructure as well as construction of new water treatment and distribution infrastructure. Chivhu Water Treatment Plant was substantially completed in 2022 and the Authority also focused on expansion of water supply capacity at centres such as Parirewa, Nyanga, Hauna, Dete, Gokwe and Filabusi.

PERFORMANCE REVIEW

The Authority generally performed well in its mandate of provision of water supply services and construction of water infrastructure.

Revenue

ZINWA recorded an inflation adjusted profit of ZWL\$131 billion in 2022 compared to ZWL\$38.3 billion in the prior year. The Authority's revenue (inflation adjusted) increased from ZWL\$17.4 billion in 2021 to ZWL\$31.4 billion in 2022.

Expenditure

The increased costs of goods and services resulted in increased expenditure (inflation adjusted) for the Authority from ZWL\$13.3 billion in 2021, to ZWL\$25.4 billion in 2022.

Revenue Collection

Total debtors for raw and clear water consumers amounted to ZWL\$14 billion as at 31 December 2022.

The revenue collection rate was at 52% for 2022. This low collection is on account of delayed payments mainly from irrigators, Government and Local Authorities.

The installation of pre – paid water meters continued in 2022 with a total of 15 036 installed during the year under review to improve revenue collection.

Operating Costs

Inflation adjusted operating costs for 2022 amounted to ZWL\$25,4 billion compared to ZWL\$13,3 billion in 2021.

Operating Profit

ZINWA recorded an inflation adjusted operating surplus of ZWL\$131 billion for 2022 compared to ZWL\$38.3 billion in 2021 representing a 242% increase.

Clear Water Volumes

Clear water sales for 2022 totalled 32.7 million m³ against a target of 51.8 million m³ which is an achievement of 63.3%. The decrease is mainly attributed to electricity load shedding in which average power availability was 60% of requirements. Delays in repairs and maintenance due to cashflow challenges also contributed to the decline in clear water sales.

Clear water sales have generally been on a growth trajectory in the past decade as shown in the graph in Figure 1.

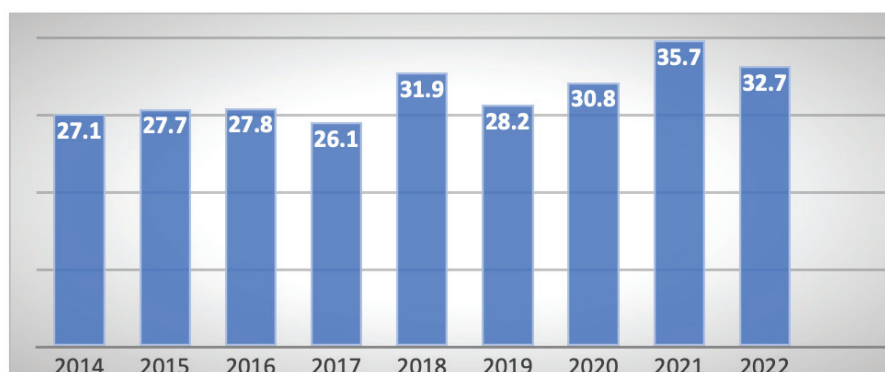


Figure 1: Clear Water sales trend (Million m³)

Raw Water Volumes

Raw water sales reached a record 1,645,800ML (Figure 2) surpassing the 2022 target of 1, 566, 000 ML and translating to a performance of 106%. The increase was attributable to the growth in the land under irrigation during the year.

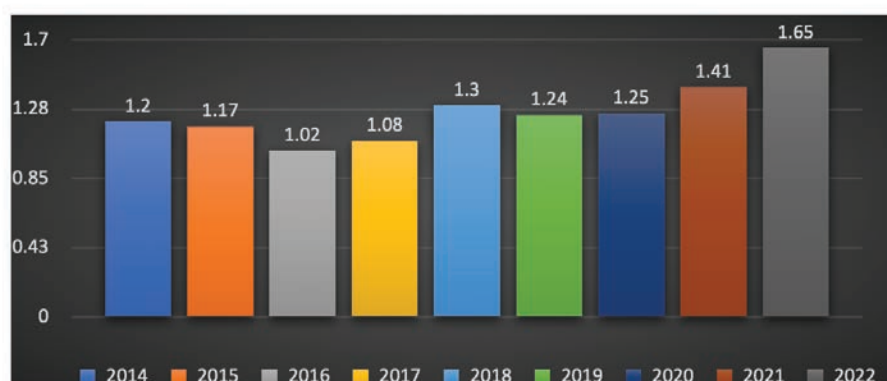


Figure 2: Raw Water Sales Trend (Million Megalitres)

Highlights of Major Infrastructure Projects

ZINWA is undertaking 12 high impact dam projects across the country as well as other major water conveyance systems such as the Gwayi-Shangani to Bulawayo Pipeline and the Dande Tunnel. Chivhu Water Project comprising the dam, water treatment plant, irrigation and fisheries project was substantially completed in 2022.

Table 1 shows progress status for major water infrastructure projects in 2022.

Table1: Progress status of Major Dam Projects in December 2022

Item	Proect Name	% Completion 2022
1	Gwayi-Shangani Dam	70.2
2	Chivhu Dam	98
3	Semwa Dam	41.5
4	Dande Dam	20
5	Dande Tunnel	8
6	Bindura Dam	40
7	Mbada Dam	12
8	Vungu Dam	3
9	Ziminya Dam	15
10	Kunzvi Dam	24
11	Gwayi Shangani Bulawayo Pipeline	3.5
12	Tuli Manyange Dam	33
13	Muchekeranwa Dam	99
14	Marovanyati Dam	97

Appreciation

May I take this opportunity to express my heartfelt gratitude, on behalf of ZINWA, to the shareholder and Board of Directors for their unwavering support, leadership, and guidance. ZINWA also appreciates our valued customers and stakeholders for their support during the year. I also wish to thank ZINWA management and staff for their dedication, loyalty and commitment to duty under challenging circumstances.



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Eng. T. Maurikira

Chief Executive Officer

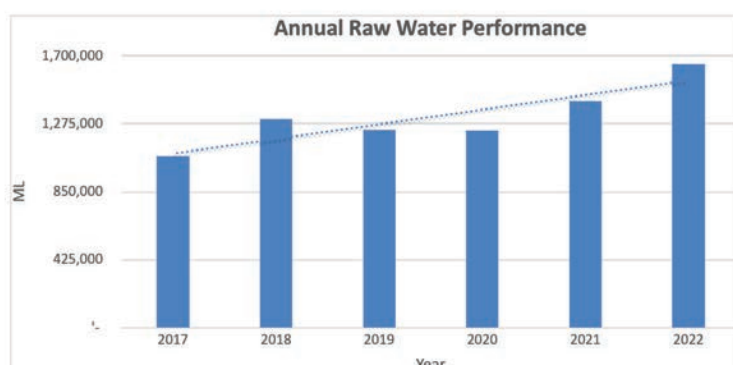
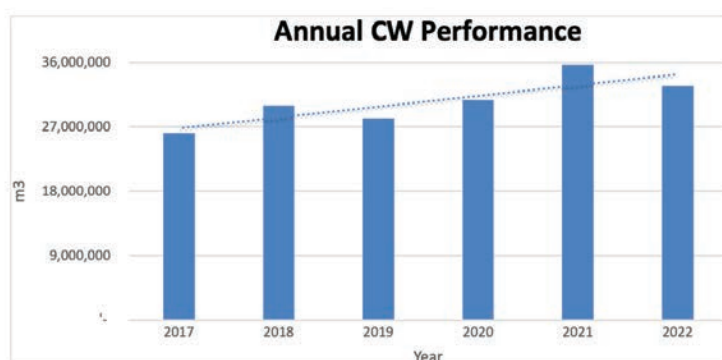
WATER SUPPLY OPERATIONS REPORT

2022 Operations Performance Summary

The performance for 2022 was subdued throughout the year under pressure from power cuts accessing less than 60% of requirements. Clear water under performed by **36.7% (Target 51,800,000m³/Performance 32,707,012m³)**. Raw water sales were boosted by increased winter wheat hectareage with a performance of **106% (Target 1,566,000ML/ Performance 1,648,500 ML)** in the same period. Major contributors included the recommissioned dams affected by the 2020 drought in Gwayi, Sanyati, and Mzingwane.

Installation of prepaid water meter that began in 2021 continued throughout the year (2022) with activities at Chivhu, Filabusi, Mrewa, Mtoko, Hwange and Karoi. Over and above the **3,800** installed the previous year **15,036** were added bringing the total cumulative figure to **18,836**. That is **54%** progress on the current prepaid meter installation contract. Subdued clear water tariff during the reporting year blow limelight off the prepaid meter project as an effective revenue collection tool.

Power supply deteriorated throughout the year due to vandalized infrastructure and/or limited supply from the Power Utility. The rain season worsened the disruptions as it damaged the transmission lines in some areas. The first three quarters had challenges in financing operation and maintenance due to a sub-economic tariff whose adjustment in the third quarter was not adequate to effect full performance recovery on clear water operations.



Water Supply Operations

Clear Water Sales Trend Analysis

Performance was weighed down by power supply interruptions throughout the year and sub-economic tariff in Q1 to Q3

Raw Water Sales Trend Analysis

Good rainfall from the previous year meant that raw water was readily available to clients contributing to increased hectareage for winter irrigation as well as early summer cropping.

Challenges

Local availability of spares and unstable pricing continues to be a challenge as most suppliers changed prices daily due to the hyperinflationary conditions experienced in the first half of the year. Human Capital flight in the year was high ranging from Officers to skilled manpower leaving gaps which have a negative impact on all Operations.



CORPORATE GOVERNANCE REPORT

Introduction

The Authority recognizes that corporate governance is a critical aspect in terms of building stakeholder value. Accordingly, in the execution of its statutory mandate, the Authority observes principles and tenets of good corporate governance. Corporate governance within ZINWA is anchored on the principles of integrity, transparency, and accountability.

Corporate governance practices are founded on the Code of Ethics which was duly adopted and approved in line with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31]. The Code of Ethics sets out the ethical standards to which the Authority's Board members, Management and staff are expected to adhere. The purpose of the Code of Ethics is to ensure that the Board, Management, and staff of the Authority are honest, efficient, competent, and accountable. The Authority is a member of the Institute of Corporate Directors Zimbabwe, a professional institution dedicated to enhancing the professionalism and effectiveness of corporate directors in Zimbabwe.

Directorate

The Board's composition remained the same during the year under review. Section 4 (1) of the Zimbabwe National Water Authority Act [Chapter 20:25] provides that the ZINWA Board shall have 10 members. In May 2019, the Minister of Lands, Agriculture, Fisheries, Water and Rural Development appointed a ten-member Board to serve for a renewable 4-year tenure. At the expiry of the Board's term of office, the Minister re-appointed all the ten Board Members.

The Authority's Board of Directors is constituted by a majority of Non-Executive Directors. The Chairman is an Independent Non-Executive Director. The offices of Chairman and Chief Executive Officer are separate. The composition of the Board is fully compliant with Section 4 of the Zimbabwe National Water Authority Act [Chapter 20:25] and Section 11 of the Public Entities Corporate Governance Act [Chapter 10:31].

Duties and Responsibilities of the Board

The Board is guided by a Charter prepared pursuant to Section 26 of the Public Entities Corporate Governance Act [Chapter 10:31] and conducts its business in accordance with the principles of good governance contained in the Second Schedule of the Public Entities Corporate Governance Act [Chapter 10:31]. The Board is responsible for the overall conduct of the Authority's business. It is responsible for the Authority's vision and strategic direction, its values and governance. In discharge of its obligations, the Board acts independently, in good conscience, with due diligence and consideration, and in the best interests of the Authority and its stakeholders. The Board meets at least once a quarter to review and monitor the performance of the Authority and Senior Management. The Chief Executive and Board Committee reports are discussed in every Board meeting. In some cases, Special Board or Special Committee meetings are held to deliberate on issues that emerge between scheduled meetings.

The Board is responsible for formulating and implementing policies and strategies necessary for the achievement of the Authority's objectives. The Board supervises the overall activities engaged in by the Authority and ensures that the Authority and its subsidiaries have adequate control systems to monitor and manage risk and ensure compliance with the Board Charter.

The Board is responsible for the preparation of financial statements for each reporting period that give a true and fair view of the state of affairs of the Authority as at the end of the financial period.

Stakeholder Engagement

The Board is cognisant of the importance of engaging stakeholders as a key facet of sound corporate governance. The Authority conducted the annual farmers' indaba, exhibited at Zimbabwe International Trade Fair (ZITF) as well as agricultural shows, among others.

Rights

All Board members have unrestricted access to the services of the Corporate Secretary. The following members served during the year under review: Eng. B. Ndiweni (Chairperson), Air Marshal (Rtd) H. Muchena, Eng. T. Maurikira (Chief Executive Officer), Eng. N. Maisiri, Dr. R. Benjamin, Dr. S. Diarra, Mr. A. Franklin, Mrs M. Manongwa, Ms T. Mawokomatanda, and Ms F. Tirivanhu.

Board Committees

The Board is authorised to constitute committees which operate under clearly defined areas of responsibility and terms of reference to assist in the execution of its responsibilities and functions. As at 31 December 2022 the Board had four standing committees, namely: Finance and Risk, Audit, Remuneration and Human Resources, and Technical and Operations. In the discharge of their functions, Board Committees ensure transparency, full reporting and disclosure of key decisions and recommendations to the Main Board.

Committee members and responsibilities

Committee	Members	Responsibilities
Audit	Air Marshal H. Muchena (Chairman), Dr. Eng. S. Diarra, Ms. N. F. Tirivanhu and Eng. T. Maurikira.	Overseeing the Authority's systems of disclosure, controls and procedures, internal controls over financial reporting and compliance with ethical standards of the Authority.
Finance & Risk	Dr. R. Benjamin (Chairperson), Eng. B. Ndiweni, Eng. T. Mawokomatanda, Ms. N. F. Tirivanhu and Eng. T. Maurikira.	Reviewing and monitoring the financial performance of the Authority and comparing actual performance, revenues, and expenses with the budget. Assessing the risks to which the Authority is or will be subject and the opportunities open to it.
Remuneration and Human Resources	Mrs. M. Manongwa (Chairperson), Eng. B. Ndiweni, Dr. R. Benjamin, Eng. N. Maisiri, and Eng. T. Maurikira.	Recommending to the Board remuneration levels for staff members of the Authority. Establishing and administering policies for the appointment and retention of executive staff. Putting in place and monitoring a performance management system.
Technical & Operations	Eng. N. Maisiri (Chairperson), Mr. A. Franklin, Eng. B. Ndiweni, Eng. T. Mawokomatanda, Mrs. M. Manongwa, and Eng. T. Maurikira.	Reviewing and recommending to the Board for approval water resources planning and development policies and procedures. Facilitating appropriate stakeholder participation in water resources management. Overseeing water development projects and ensuring timely delivery to beneficiaries. Ensuring that water supply infrastructure is kept in operation and in a sound state.

BOARD AND BOARD COMMITTEE ATTENDANCE RECORD FOR 2022

Board Member	Main Board	Audit Committee	Technical & Operations Committee	Finance & Risk	Remuneration & Human Resources
B. Ndiweni	9	n/a	4	7	10
H. Muchena	8	5	n/a	n/a	n/a
T. Maurikira	8	3	3	4	7
N. Maisiri	6	n/a	3	n/a	6
M. Manongwa	9	n/a	4	n/a	10
N. Tirivanhu	9	4	n/a	7	n/a
T. Mawokomatanda	5	n/a	3	5	n/a
R. Benjamin	7	n/a	n/a	6	10
S. Diarra	7	4	n/a	n/a	n/a
Franklin	6	n/a	4	7	n/a

Directors' Interests

Directors are bound to declare any time during the year, in writing, any significant commercial or financial interest they directly or indirectly hold. No conflicts of interest were reported this year.

Declaration of Assets

In line with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31], all the Directors duly declared their assets in writing. The relevant asset declaration forms are available for inspection in the Corporate Secretary's office.

Board Remuneration

The Authority's Board Remunerations Framework is in line with the Public Entities Corporate Governance Act [Chapter 10:31]. The Authority adopted the board remuneration guidelines for State Enterprises provided by the Office of President and Cabinet. For the period under review, the non-executive Board Members received remuneration based on a retainer and sitting allowance. Directors' emoluments are disclosed in the notes to the Financial Statements.

Directors Evaluation

Pursuant to the provisions of the Public Entities Corporate Governance Act [Chapter 10:31], Board and Director Evaluation was duly conducted during the year under review.

General Policy Directions issued by the Minister

In terms of Section 20 of the Zimbabwe National Water Authority Act [Chapter 20:25], the Board wishes to advise that no ministerial directive of a policy nature was issued during the year under review.

By order of the Board



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Eng. B. Ndiweni
Chairperson



.....
Eng. T. Maurikira
Chief Executive Officer



.....
Mr. T. Katehwe
Corporate Secretary

Directors' Statement of Responsibility For Financial Reporting

The Directors, as required by the Zimbabwe National Water Authority Act [Chapter 20:25] and the Public Finance Management Act [Chapter 22:19], maintained 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 Authority as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and in the manner required by the Public Finance Management Act [Chapter 22:19].

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

The Directors 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, but not absolute, assurance against material misstatement or loss. In preparing the financial statements, the directors are responsible for assessing the Authority'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 they intend to cease operations or have no realistic alternative but to do so.

The Directors have assessed the ability of the Authority to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate. The external auditors are responsible for independently auditing and reporting on the Authority's financial statements. The financial statements and related notes have been audited by the Authority's external auditors and their report is presented on pages 34 to 37.

The financial statements for the year ended 31 December 2022 which appear on pages 38 to 73 were approved by the Board of Directors on 21 September 2023 and were signed on its behalf by:



Eng. B. Ndiweni
Board Chairperson



Eng. T. Maurikira
Chief Executive Officer

Statement of Compliance by the Corporate Secretary

The Directors are pleased to report that during the year ended 31 December 2022, the Authority has followed the provisions of the Zimbabwe National Water Authority Act [Chapter 20:25] and the Public Entities Corporate Governance Act [Chapter 10:31].



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Tawanda Katehwe
Corporate Secretary

BOARD OF DIRECTORS



Eng. Bongile Ndiweni
Independent Non-Executive Chairperson

Eng. Ndiweni is a holder of an M.Sc. in Applied Hydraulics and Hydraulic structures from the Institute of Construction, Faculty of Hydrotechnics (Bucharest, Romania) 1987, an M.Sc. in Lands and Water Resources Development from Karlsruhe Technical University (Federal Republic of Germany), 1998, an Accounting and Finance Diploma (ACCA) and a Master in Business Administration (MBA) from the University of Zimbabwe. She has vast experience in planning, development, and management of water resources. She has been recognized as an Outstanding Leader by the Zimbabwe CEO's Network and the Institute of Corporate Directors Zimbabwe.

Air Marshal Henry Muchena (Rtd)
Independent Non-Executive Deputy Chairperson

Air Marshal (Rtd) Henry Muchena chairs the Audit Committee. He is a graduate of the Royal College of Defence Studies, United Kingdom, and a certified Energy Regulator. He has vast experience in leadership, procurement and logistics and has been a member of several boards since 1984. He has also served as a SADC Allied Forces Commander DRC Eastern Front and Chief of Logistics and served as head of operations for the government project Maguta/Inala under the Ministry of Agriculture. He joined the liberation struggle in 1974 and trained at Mgagao in Tanzania. He held several appointments both in the Army and Air Force before his retirement in 2010.





Eng. Taurayi Maurikira **Chief Executive Officer**

Eng. T. Maurikira holds a BSC (Civil) Engineering Degree from the University of Zimbabwe (1991) and has 29 years experience in the engineering sector. He was appointed Director, Engineering & Hydrological Services in August 2017 having worked in various managerial capacities within ZINWA. Eng. Maurikira is a Member of the Zimbabwe Institution of Engineers, an Engineering Council of Zimbabwe Registered Professional Eng, a Gazetted Large Dams Engineer and Secretary for the Zimbabwe Committee of Large Dams. He was appointed Chief Executive Officer in 2020.

Dr. Remember Benjamin **Independent Non-Executive Director**

Independent Non-Executive Director Dr. Benjamin is a Senior Law Officer within the Attorney General's Office. He holds a Doctor of Laws (University of Vienna), Master of Laws (University of Fort Hare), and a Bachelor of Laws degree (University of Fort Hare). He also holds a certificate in prosecution and a certificate of diligence from the International Criminal Court. He is a Non Executive Director, a member of the Remuneration and Human Resources Committee and chairs the Finance and Risk Committee.



Dr. Eng. Sanzan Diarra **Independent Non-Executive Director**

Dr S. Diarra is the past Deputy President and the current Chief Executive Officer of the Zimbabwe Institution of Engineers (ZIE). He is a Civil/Structural Engineer and holds a PhD (1987) in Structural Engineering Diagnostics from the University of Architecture & Civil Engineering in Sofia, Bulgaria. He has certificates in: Dispute Resolution and Dispute Avoidance Management, Immunization & Vaccines Management Logistics, Health Wastes Management Systems. He has been a lecturer at the University of Zimbabwe, National University of Science and Technology, Harare and Bulawayo Polytechnics. He is a fellow and former Chairman of the Council for the Institute of Directors of Zimbabwe. He is a member of the ZINWA Board Audit Committee.





Mr. Alan Franklin
Independent Non-Executive Director

Mr. Franklin is a Non Executive Director and a member of the Technical & Operations Committee. He is an accomplished farmer and a member of the Save Catchment Council. He holds qualifications in Service Engineering.

Eng. Norman Maisiri
Independent Non-Executive Director

Eng. Norman Maisiri is a Qualified and experienced Agriculturalist, Agriculture and Water Engineer with 22 years of active field experience in the analysis, design, construction and management of agriculture infrastructure, irrigation and water development systems in the irrigation sector of Southern Africa. He holds an MSc in Water Resources Engineering and Management, a BSc Honours in Agricultural Engineering, a Higher Certificate in marketing management, and a certificate in Integrated Agriculture. He also holds an MBA from the Great Zimbabwe University. He chairs the Technical and Operations Committee and is a member of the Remuneration and Human Resources Committee.



Mrs. Maud Manongwa
Independent Non-Executive Director

Mrs Maud Manongwa chairs the Remuneration and Resources Committee and is a member of the Technical and Operations Committee. She is an accomplished farmer and has vast experience in local government and administration having served the Mazowe Rural District Council as a Councillor for a period of ten (10) years. She is also the former Upper Mazowe Sub Catchment Council Chairperson.





Ms. Tatenda Maokomatanda
Non-Executive Director

Ms. Mawokomatanda is a Non-Executive Director and a member of the Finance & Risk and Technical & Operations Committees. Currently she is the Chief Engineer, Water Resources Planning in the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development. She is a holder of a MSc Degree in Water Resources Engineering Management specialized in Water Resources Management IHE Delft Institute for Water Education (Netherlands), Bachelor of Engineering Honours Degree in Civil and Water Engineering (NUST). Through the years she has gained experience in the overall planning, development and management of water resources. In addition, she has gained experience in the use of decision support system techniques including modelling for overall water resources planning overall strategic planning for the sector.

Ms. Nyaradzo Faith Tirivanhu
Non-Executive Director

Ms Tirivanhu is a Chartered Accountant with expertise in, inter alia, business and finance strategy, profitability and financial analysis, financial and management reporting, and working capital management. She holds an Honors Bachelor of Accounting Science degree and Bachelor of Accounting Science degree. She is a Non Executive Director and a member of the Finance & Risk and Audit Committees.



EXECUTIVE COMMITTEE



Eng. Taurayi Maurikira
Chief Executive Officer

Eng. T. Maurikira holds a BSC (Civil) Engineering degree from the University of Zimbabwe (1991). He has 29 years' experience in the engineering sector. He was appointed Director; Engineering & Hydrological Services in August 2017 having worked in various managerial capacities within ZINWA. Eng. Maurikira is a Member of the Zimbabwe Institution of Engineers, an Engineering Council of Zimbabwe Registered Professional Eng, a Gazetted Large Dams Engineer and Secretary for the Zimbabwe Committee of Large Dams. He was appointed Chief Executive Officer in 2020

Eng. Albert Mare
Director, Water Supply Operations

Eng. A. Mare was appointed Director, Water Supply Operations in August 2017 having served in various managerial capacities within ZINWA. He holds an MSc in Integrated Water Resources Management from IHE Delft-Netherlands (1998) and a BSc (Hons) Civil Engineering from the University of Zimbabwe (1992). He is a professional engineer with 28 years' experience in water resources engineering, management and planning.



Eng. Takudza Makwangudze
Director, Engineering & Hydrological Services

Takudza Makwangudze is a Zimbabwean born and based Civil Engineer and Water Resources Manager. He attained a degree in Civil Engineering in 1994 from the University of Zimbabwe and a Master of Science in Strategic Management from Chinhoyi University of Technology in 2012. He is currently working for the Zimbabwe National Water Authority as the Director for Engineering and Hydrological Services. Prior to his appointment as Director, Takudza worked under the Special Projects section as a Project Manager, which saw him managing four subprojects (under the Zimbabwe National Water Project) which were funded by the Zimbabwe Reconstruction Fund (ZIMREF), a funding platform under the administration of the World Bank. During his career life, Takudza has been involved in water infrastructure development from planning stages to implementation. Before working as a Project Manager, Takudza worked under the same organization as a Catchment Manager for 7 years. His duties involved formulation of Catchment strategies, coordination of operations; and providing technical advice to Catchment Councils on water resources management issues.



Mr. Teddy Muzondo
Acting Director Finance

Mr Muzondo holds a Masters' in Business Leadership from the University of South Africa (UNISA), a Bachelor of Accountancy from the University of Zimbabwe and ACCA. He has over 20 years' experience working in the accounting and finance fields. He has vast experience in financial accounting, corporate reporting, cost and management accounting, financial management and corporate secretarial. Mr Muzondo has held several posts within the Authority, including being Catchment Accountant, Head Office Financial Accountant and Finance Manager; a post he held until his appointment as Acting Director; Finance on July 1, 2021



Eng. Waddilove Mandiziba
Acting Director, Irrigation & Rural Development

Eng. Mandiziba hold a BEng. (Civil & Water) degree from the National University of Science & Technology (2008) and has 14 years' experience in the water resources managements and water supply engineering. He was appointed Acting Director, Irrigation and Rural Development in November 2021, having worked in various capacities since joining ZINWA in 2009 as a Projects and Planning Engineer. He also served a Water Supplies Manager, Chief Engineer for Special Projects and is also the Chief Engineer in the CEO's Office.

Mr. Martin Takawira Kweza
Human Resources Manager

Mr. M.T. Kweza holds a Masters in Business Administration (2014), Honours degree in Human Resources Management from the Midlands State University (2012) and an Institute of People Management of Zimbabwe Diploma: 2006. He has 28 years experience in the water sector, serving in various capacities.





Mrs. Marjorie Munyonga
Corporate Communications and Marketing Manager

Mrs Munyonga holds a Master of Science in Strategic Management from Chinhoyi University of Science and Technology (2010), a Bachelor of Commerce degree in marketing from Zimbabwe Open University (2007). She also holds Professional Diploma in Marketing with the Chartered Institute of Marketing in UK (CIM-UK, 2017) and a Postgraduate diploma in Marketing from the same institution. She also holds a Post Graduate Certificate in Financial Management from University of Gloucestershire and a National Diploma in Mass Communication (1998). An astute marketer and business leader with over 19 years experience in marketing, advertising, corporate communications, public relations, customer experience Management as well as strategic management, Mrs Munyonga is a Zimbabwe Chartered Marketer and a Fellow with the Marketers Association of Zimbabwe. She is currently studying for a Doctorate of Business Administration with Binary University in Malaysia.

Mr. Tawanda Katehwe
Corporate Secretary and Legal Advisor

Tawanda holds a Bachelor of Laws Honours Degree from the University of Zimbabwe and is registered with the High Court of Zimbabwe as a legal practitioner and conveyancer. He is a member of the Law Society of Zimbabwe and has 18 years' experience in the legal services sector having worked for the Government of Zimbabwe as a Magistrate, in private legal practice, and as in-house counsel for companies within Zimbabwe's telecommunications and hospitality sectors.



Promoting Sustainable Development

The United Nations Sustainable Development Goals (SDG's) guidance on how corporates and businesses can effectively contribute to sustainable development. The Authority utilizes these in establishing an effective framework to promote sustainable development.

As the nation's lead agency in water development and management, ZINWA is committed to playing its role in the attainment of these goals, supporting government, and working with other stakeholders to develop and build thriving economies.

Table 3 below summarizes the alignment of some of ZINWA's key programmes with SDGs.

Table 3: ZINWA's Alignment with SDGs

Programme	Reference SDG
Dam Projects	1, 2, 9, 13, 17, 11
Irrigation Development	1, 2, 13
Water Supply and Sanitation	3, 6, 11, 12
Corruption Eradication	8, 17
Training and Wellness	4, 5, 8
Rural Development	1, 2, 11

Corporate Social Investments

The improvement of livelihoods and the creation of shared value for our stakeholders is a guiding principle for the authority's business approach. In the year under review, the Authority managed to do the following CSR activities:

- Sponsor the 2022 National Young Champion Farmer Awards.
- The Authority introduced cadetship scheme for underprivileged engineering and ICT students at tertiary institutions.



AWARDS



2022 Zimbabwe Project Management Achievement Awards (Public Infrastructure Project of the Year)



Zimbabwe CEOs Network Outstanding Public Sector Company



Third Best Exhibitor (Parastatals Category) Mashonaland West Show



Zimbabwe CEOs Network Top CEO (Platinum) Institute of Corporate Directors Zimbabwe; Women Director of the Year



Institute of Corporate Directors Zimbabwe, Board Chairperson of the Year First Runner Up

Human Capital

Employee Satisfaction and Work Environment Survey

In line with the best practices, Management sought to understand the Authority's outlook with regards to employee and work environment satisfaction. Management recruited an independent consultant to conduct an employee satisfaction and work environment survey to ascertain the employee satisfaction index. This will help the Authority to come up with appropriate programs aimed at addressing the any gaps identified by the survey.

Labour Turnover

Throughout 2022, the Authority experienced a total of 73 separations as opposed to 90 in 2021. Of the 73 separations, 37 were resignations.



RISK REPORT

The Public Entities and Corporate Governance Act (Chapter 10:31) mandates the Zimbabwe National Water Authority (ZINWA) through the Board to carry out enterprise risk management functions with emphasis on ensuring going concern status of the Authority.

The Directors consider that the following are the key risk factors that could materially and adversely affect ZINWA's going concern status:

a. Pandemics Risk

The threat of COVID-19 dwindled during the reporting period. The Authority continued to use digital platforms for payment of bills by customers and business communication. However, disruptions were encountered owing to unreliable network availability.

b. Inflation Risk

The ability to pay by customers for water supply services was affected by general price increases in the economy during the reporting period, resulting in loss of value for revenue collected by the Authority.

The Authority adopted improved efficiencies and cut operational costs in order to reduce impact of price increases. Tariff increases were implemented to keep track of movement of prices of inputs to water supply services.

c. Operational Risk

The risk arises during the carrying out of functions of the Authority at any level in the organization.

The Authority continued to strengthen the decentralised Service Centres in order to improve efficiency and effectiveness of operations. Resources constraints hampered operations in Service Centres. Beitbridge Service Centre was closed following the handover of Beitbridge Water Supply to the local authority. In addition, Gwanda Water Supply was also handed over to the local authority. The trend of handovers to local Authorities is expected to continue going forward.

d. Liquidity Risk

The risk manifests through failure by the Authority to adequately meet its obligations such as payment to creditors.

The Authority continued to cut expenditures looking at cashflows.

e. Reputational Risk

The risk on the Authority manifested itself through complaints by customers and stakeholders on aspects related to service delivery.

The Authority continued to engage customers and stakeholders through the Call Centre, appointment of station Customer Focal Persons, and other platforms in order to enhance good service delivery.

f. Credit Risk

The Authority experienced the risk whereby some customers failed to pay for services rendered.

The Authority rolled out prepaid meters and instant billing at water supply stations. However, unreliable network availability continued to affect the Authority's systems.

g. Environmental Risk

The risk on the Authority during the reporting period came from the continued threat of floods and environmental degradation.

The Authority upheld its disaster management strategy to ensure safety of infrastructure and the public. Cooperating partners continued to support modernization of hydrometric stations to help with flood monitoring. Stakeholder engagement to address environmental degradation continued.

h. Information Technology Risk

The risk refers to possibility of failure of hardware and software, human capital error and also cyber security aspects that lead to disruption of an entity's operations.

The Authority continued to invest in information technology hardware and software, including training of human capital. Regular backups of critical information continue to be made to safeguard against loss.

i. Business Growth Risk

This is a positive risk meant to improve revenue streams through the sweating of Authority assets.

A fully fledged Commercial Department was established and continues to be strengthened and supported to enable the Authority to pursue successful new revenue streams.

2022 IN PICTURES



Minister Dr Anxious Masuka shares the Gwayi-Shangani MasterPlan with chiefs from Hwange and Binga



Board Chairperson, Eng Bongile Ndiweni leads fellow board members in viewing one of the rigs acquired under the Presidential Rural Development Programme



Director; Engineering and Hydrological Services Eng Takudza Makwanguzwe briefs stakeholders on the 2022 irrigation water situation during the 2022 Annual Irrigation Stakeholders' Indaba



Secretary for Lands, Agriculture, Fisheries, Water and Rural Development Dr John Basera and ZINWA Board chair Eng Bongile Ndiweni follow proceedings during the 2022 Annual Irrigation Stakeholders' Indaba



Director Irrigation and Rural Development, Eng Waddilove Mandiziba, briefs Ministers Dr Masuka and Matsikenyere at the provincial launch of the Presidential Rural Development Programme in Manicaland



ZINWA staff members follow proceedings at the 2022 Auit Awareness Month Commemorations



ZINWA CEO Eng Taurayi Maurikira briefs President Emmerson Mnangagwa on his visit to Gwayi Shangani in March 2022



ZINWA Chief Executive Officer, Eng Taurayi Maurikira and Flowtite SA General Manager Bantu Mselana after signing memorandum of understanding



Minister Dr Anxious Masuka speaks to Gabriel Todhlana who won the 2022 Young Champion Farmer Award (Sugar Cane). ZINWA sponsored the award



Vice-Chairperson of the ZINWA Board Air Marsha; Rtd) Muchena being briefed on how prepaid water meters work at the Zimbabwe Agric Show



Zimbabwe Sugar Sales Chairman, Muchadeyi Masunda makes a contribution at the 2022 Annual Irrigation Stakeholders' Indaba



Some of the GRP pipes delivered at the pipeline site at Cowdray Park



ZINWA Head Office staff gather for the May 2022 monthly cleanup

NATURE OF BUSINESS:

The Zimbabwe National Water Authority is mandated to plan, develop and manage the national water resources in an efficient, equitable and sustainable manner to support the socio-economic development of the nation while taking appropriate measures to mitigate the impacts of climate change related events such as droughts and floods.

DIRECTORS:

Eng. B. Ndiweni	(Board Chairman)
Eng. T. Maurikira	(Chief Executive Officer)
Air Marshal H. Muchena (Rtd)	(Vice Chairman)
Dr. S. Diarra	(Non-Executive Director)
Dr. R. Benjamin	(Non-Executive Director)
Mrs. M. Manongwa	(Non-Executive Director)
Eng. N. Maisiri	(Non-Executive Director)
Ms. M. Tirivanhu	(Non-Executive Director)
Mr. A. J. Franklin	(Non-Executive Director)
Ms. T. Mawokomatanda	(Non-Executive Director)

REGISTERED OFFICE:

Block 4, Celestial Park
Liberation Legacy Way
HARARE

AUDITORS:

Grant Thornton
Chartered Accountants (Zimbabwe)
Camelsa Business Park
135 Enterprise Road
Highlands
HARARE

PRINCIPAL BANKERS:

CBZ Bank Limited
7 Selous Avenue
HARARE

LAWYERS:

Mvingi and Mugadza Legal Practitioners
7th Floor
Pegasus House
52- 54 Samora Machel Avenue
HARARE

Responsibilities of Management and Those Charged with Governance for the Inflation Adjusted Annual Financial Statements for the year ended 31 December 2022

It is the Directors' responsibility to ensure that the inflation adjusted annual financial statements fairly present the state of affairs of Zimbabwe National Water Authority. The external auditors are responsible for independently reviewing and reporting on the inflation adjusted annual financial statements.

The Directors have assessed the ability of Zimbabwe National Water Authority to continue as a going concern and believe that the preparation of these inflation adjusted annual financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Authority to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these inflation adjusted annual financial statements.

The inflation adjusted annual financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

The Conceptual Framework for Financial Reporting requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

The requirement to comply with Statutory Instrument (S.I) 33 of 2019 as enacted by the Finance Act No. 2 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the Conceptual Framework for Financial Reporting. This has resulted in the adoption of the accounting treatment in the prior year's financial statements, which deviates from that which would have been applied if the Authority had been able to fully comply with IFRSs.

The Authority's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Authority's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The Authority's inflation adjusted annual financial statements for the year ended 31 December 2022 which are set out on pages 38 to 77 were, in accordance with their responsibilities, approved by the Board of Directors on 21 September 2023 and are signed on its behalf by:



Eng. B. Ndiweni
Board Chairman



Eng. T. Maurikira
Chief Executive Officer

These financial statements were prepared under the supervision of:



Mr J. Ncube
Finance Director (Acting)

INDEPENDENT AUDITOR'S REPORT

To the members of Zimbabwe National Water Authority

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Zimbabwe National Water Authority as set out on pages 38 to 73, which comprise the inflation adjusted statement of financial position as at 31 December 2022, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, in all material respects, the financial position of Zimbabwe National Water Authority as at 31 December 2022, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Completeness and accuracy of revenue and trade receivables

During the year ended 31 December 2022, there were unreconciled revenue variances amounting to ZWL 671 551 534 and unreconciled material variances on trade receivables. We were unable to determine the completeness and accuracy of the revenue and trade receivables using alternative audit procedures. Consequently, we were unable to determine whether any adjustments relating to revenue and trade receivables in the financial statements were necessary.

Completeness of trade payables

Included in the financial statements are trade payables amounting to ZWL 3 851 943 587. As at 31 December 2022, there were unreconciled material variances between balances confirmed by suppliers and those recorded in the creditors' ledger. As a consequence, we were unable to determine whether any adjustments were required to the financial statements arising from accounts payables not brought to account or incorrectly stated.

Existence and valuation of inventory

Included in the financial statements is inventory of ZWL 193 492 132 which did not reconcile to the balance in the inventory valuation report by ZWL 10 913 982. In addition, the inventory balance in the financial statements includes items of inventory with negative balances amounting to ZWL 72 324 952 and there were adjustments to inventory amounting to ZWL 246 817 701 in respect of which supporting documentation was not availed. We were not able to obtain reasonable assurance through alternative procedures regarding existence and valuation of inventory. Consequently, we were unable to determine whether any adjustments relating to inventory in the financial statements were necessary.

Unreconciled variances on cash and cash equivalents

Included in the cash and cash equivalents balance of ZWL 2 224 489 660 is an unreconciled material variance between the balances confirmed by the financial institutions and those recorded in the

accounting records. We were not able to obtain sufficient appropriate evidence regarding the cash and cash equivalents balances by using alternative procedures. Consequently, we were unable to satisfy ourselves on the accuracy of cash and cash equivalents in the financial statements.

Non-compliance with International Financial Reporting Standard (IFRS) 16 – Leases

The Authority entered into long-term lease arrangements in respect of the properties housing the Mzingwane Catchment Office and the Head Office. Management did not compute the right of use assets and lease liabilities in respect of the leases of properties housing the Mzingwane Catchment Office and the Head Office as required by IFRS 16. This is because of the absence of: (i) a valid lease agreement between the Authority and the lessor for the Mzingwane Catchment Office; and (ii) lease addendums to the lease agreement between the Authority and the lessor of Head Office. Consequently, we were unable to quantify adjustments that might have been necessary to this inflation adjusted financial statements in respect of the lease liabilities and right of use assets.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 30 in the financial statements, which indicates that as at 31 December 2022, the Authority's current liabilities exceeded its current assets by ZWL 180 292 196 677. This indicates the existence of a material uncertainty that may cast significant doubt on the Authority's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key Audit Matter
Valuation of Capital Work In progress (WIP) - The Authority is involved in the construction of dams. As at 31 December 2022, the work in progress for dam construction was valued at ZWL 242 441 892 625. - The volume of transactions involved in the capitalisation and the complexity of the nature of works involved has resulted in the identification of Capital Work In Progress as a Key Audit Matter.	- We assessed the Authority's process of recognizing costs incurred on the construction of dams. - We considered the limitations that impact the quality of the valuation placed on the work in progress. - We reviewed Interim Payment Certificates and other supporting documentation utilized by management to support the valuation of capital work in progress. - We also reviewed construction contracts for the dam's construction in progress. We are satisfied that capital work in progress has been properly valued and classified in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the

Chairman's statement, Chief executive officer's statement and the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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 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 judgement and maintain professional scepticism throughout 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Authority 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Authority audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

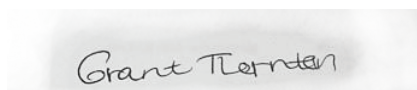
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, except for the effects of the matters described in the Basis for Adverse Opinion, the financial statements have been properly prepared in compliance with the requirements of Zimbabwe National Water Authority Act (Chapter 20:25) and Public Finance Management Act (Chapter 22:19).

The engagement partner on the audit resulting in this Independent Auditor's Report is Alice Mafanuke.



Alice Mafanuke
Partner

Registered Public Auditor (PAAB No: 0465)

Grant Thornton

Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

28 September 2023

Statement of financial position
as at 31 December 2022

		Notes	INFLATION ADJUSTED		HISTORICAL COST	
			RESTATED		RESTATED	
			2022	2021	2022	2021
			ZWL	ZWL	ZWL	ZWL
ASSETS						
Non current assets						
Property, plant and equipment	3	1 684 229 327 549	1 494 973 450 500	284 030 363 232	111 216 383 964	
Right of use asset	4	15 955 805	21 274 406	3 356 942	3 576 292	
Investment property	5	72 768 305 -	74 654 418 -	2 979 875	3 011 750	
Intangible assets	6	3 880 881	5 608 083	455 239	499 593	
Financial assets at FVTPL	7	91 037	9 110 342	91 037	2 650 205	
		1 684 322 023 577	1 495 084 097 749	284 037 246 325	111 226 121 804	
Current assets						
Inventories	8	386 212 089	162 200 615	193 492 132	37 193 340	
Trade and other receivables	9	11 416 307 069	6 983 515 289	11 416 307 069	2 031 530 381	
Cash and cash equivalents	10	2 224 489 660	2 230 935 511	2 224 489 660	648 987 377	
		14 027 008 818	9 376 651 415	13 834 288 861	2 717 711 098	
Total Assets		1 698 349 032 395	1 504 460 749 164	297 871 535 186	113 943 832 902	
EQUITY AND LIABILITIES						
Equity						
Retained earnings		209 024 182 190	78 007 878 112	5 921 080 000	1 911 895 481	
Non distributable reserve		311 004 567 477	311 004 567 477	1 421 550 551	1 421 550 551	
Revaluation reserve		683 342 532 151	683 342 532 151	39 287 744 347	39 287 744 347	
Government equity contribution	12	297 875 443 301	245 075 104 724	54 138 853 012	16 908 766 679	
		1 501 246 725 119	1 317 430 082 464	100 769 227 910	59 529 957 058	
Non current liabilities						
Long-term borrowings	13	39 056 827	201 193 662	39 056 827	36 832 750	
Lease liability	4.1	16 382 659	31 087 789	16 382 659	4 861 997	
Retention creditors	14	2 727 662 295	1 227 352 588	2 727 662 295	332 303 226	
		2 783 101 781	1 459 634 039	2 783 101 781	373 997 973	
Current liabilities						
Trade and other payables	15	26 345 569 372	3 084 702 292	26 345 569 372	892 922 482	
Construction liabilities	18	167 967 174 864	182 462 472 445	167 967 174 864	53 143 788 027	
Lease liability	4.1	6 461 259	23 857 924	6 461 259	3 167 362	
		194 319 205 495	185 571 032 661	194 319 205 495	54 039 877 871	
Total equity and liabilities		1 698 349 032 395	1 504 460 749 164	297 871 535 186	113 943 832 902	

**Statement of profit or loss and other comprehensive Income
for the year ended 31 December 2022**

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		RESTATED		RESTATED	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
Revenue and other Income					
Clear and raw water sales	16	29 599 314 982	16 794 079 079	22 546 822 536	3 884 115 269
Borehole drilling		1 063 525 666	189 439 478	904 929 058	49 106 382
Sewerage fees		23 274 224	28 222 318	12 893 254	6 584 007
Connection fees		61 517 106	39 620 949	45 856 188	9 237 628
Other operating income	20	676 099 359	298 746 979	827 892 520	77 920 439
		<u>31 423 731 337</u>	<u>17 350 108 803</u>	<u>24 338 393 556</u>	<u>4 026 963 725</u>
Expenses					
Staff costs	21	12 698 039 701	6 597 548 025	9 398 589 335	1 568 443 811
Repairs and maintenance		2 073 839 775	1 407 751 506	1 286 546 877	320 418 292
Chemicals		517 500 986	252 188 045	339 123 058	57 319 068
Clear water purchased for resale	22	1 772 389 607	530 970 834	1 383 349 291	108 835 883
Electricity		1 624 406 027	1 473 352 561	1 328 577 750	342 294 726
Other operating expenses	23	6 756 657 538	3 080 589 650	3 884 391 430	716 415 503
		<u>25 442 833 634</u>	<u>13 342 400 621</u>	<u>17 620 577 741</u>	<u>3 113 727 283</u>
Operating profit before depreciation, amortisation and credit losses allowances		<u>5 980 897 703</u>	<u>4 007 708 182</u>	<u>6 717 815 815</u>	<u>913 236 442</u>
Net monetary gain		127 647 490 461	34 543 146 897	-	-
Net financing income	19	888 072 189	1 789 429 200	615 141 368	403 956 018
Amortisation		(1 727 202)	(1 727 200)	(44 354)	(44 354)
Depreciation of investment property		(1 886 113)	(790 108)	(31 875)	(31 875)
Depreciation of property, plant and equipment		(252 372 864)	(1 692 039 618)	(164 855 405)	(88 731 544)
Depreciation of right-of-use asset	4	(5 318 601)	(5 318 601)	(219 350)	(894 073)
Foreign exchange losses		(20 202 034)	(13 561 626)	(20 202 034)	(3 945 087)
Allowances for credit losses expense	24	(3 269 690 731)	(297 711 746)	(3 138 419 646)	(283 350 389)
Profit for the year		<u>131 016 304 078</u>	<u>38 329 135 380</u>	<u>4 009 184 519</u>	<u>940 195 138</u>
Other comprehensive Income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive Income for the year		<u>131 016 304 078</u>	<u>38 329 135 380</u>	<u>4 009 184 519</u>	<u>940 195 138</u>

Statement of changes in equity
for the year ended 31 December 2022

	INFLATION ADJUSTED					
	Retained earnings ZWL	Non distributable reserve ZWL	Revaluation surplus ZWL	Government equity contribution ZWL	World Bank ZWL	Total ZWL
-	39 678 742 732	311 004 567 477	683 342 532 151	200 794 763 676	-	1 234 820 606 036
Balance as at 1 January 2021 Restated	38 194 274 600	311 004 567 477	683 342 532 151	200 794 763 676	1 511 479 911	1 234 847 617 815
As presented previously	(27 011 779)	-	-	-	-	(27 011 779)
Correction in respect of right of use and lease liability related expenses	1 511 479 911	-	-	-	(1 511 479 911)	-
Correction in respect of accounting of World Bank Grant						
Changes In equity for the year						
Profit for the year	38 329 135 380	-	-	-	-	38 329 135 380
Public sector investment programme	-	-	-	44 280 341 048	-	44 280 341 048
Balance as at 31 December 2021	78 007 878 112	311 004 567 477	683 342 532 151	245 075 104 724	-	1 317 430 082 464
Balance as at 1 January 2022	78 007 878 112	311 004 567 477	683 342 532 151	245 075 104 724	-	1 317 430 082 464
Changes In equity for the year						
Profit for the year	131 016 304 078	-	-	-	-	131 016 304 078
Public sector investment programme	-	-	-	52 800 338 577	-	52 800 338 577
Balance as at 31 December 2022	209 024 182 190	311 004 567 477	683 342 532 151	297 875 443 301	-	1 501 246 725 119

Statement of changes in equity
for the year ended 31 December 2022 (continued)

	HISTORICAL COST					
	Retained earnings ZWL	Non Distributable reserve ZWL	Revaluation surplus ZWL	Government equity contribution ZWL	World Bank ZWL	Total ZWL
Balance as at 1 January 2021 Restated	971 700 343	1 421 550 551	39 287 744 347	6 117 674 736	-	47 798 669 977
As presented previously	960 373 598	1 421 550 551	39 287 744 347	6 117 674 736	9 974 369	47 797 317 601
Correction in respect of right of use and lease liability related expenses	1 352 376	-	-	-	-	1 352 376
Correction in respect of accounting of World Bank Grant	9 974 369	-	-	-	(9 974 369)	-
Changes in equity for the year						
Profit for the year	940 195 138	-	-	-	-	940 195 138
Public sector investment programme	-	-	-	10 791 091 943	-	10 791 091 943
Balance as at 31 December 2021	1 911 895 481	1 421 550 551	39 287 744 347	16 908 766 679	-	59 529 957 058
Balance as at 1 January 2022	1 911 895 481	1 421 550 551	39 287 744 347	16 908 766 679	-	59 529 957 058
Changes in equity for the year						
Profit for the year	4 009 184 519	-	-	-	-	4 009 184 519
Public sector investment programme	-	-	-	37 230 086 333	-	37 230 086 333
Balance as at 31 December 2022	5 921 080 000	1 421 550 551	39 287 744 347	54 138 853 012	-	100 769 227 910

Statement of cashflows
for the year ended 31 December 2022

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		27 195 086 326	17 754 573 593	23 632 848 803	3 103 981 878
Cash paid to suppliers and employees		(19 294 457 134)	(13 081 462 305)	(4 234 537 929)	(2 752 181 149)
Staff costs					
Cash inflow from operations		7 900 629 192	4 673 111 288	19 398 310 874	351 800 729
Net finance income		888 072 189	1 789 429 200	615 141 368	403 956 018
Net cash generated from operating activities		8 788 701 381	6 462 540 488	20 013 452 242	755 756 747
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(189 512 665 663)	(194 297 633 912)	(172 979 444 347)	(51 256 736 565)
Purchase of intangible assets	6	-	(2 740 776)	-	(522 946)
Proceeds from disposal of property, plant and equipment		92 662 149	1 430 625	92 662 149	416 174
Disposal of investments		-	(8 519 493)	-	(2 215 677)
Net cash utilised in Investing activities		(189 420 003 514)	(194 307 463 557)	(172 886 782 198)	(51 259 059 014)
CASH FLOWS FROM FINANCING ACTIVITIES					
Retention creditors incurred		2 395 359 069	1 002 332 781	2 395 359 069	291 579 340
Construction liabilities incurred		153 611 922 890	154 653 974 137	153 611 922 890	51 159 410 279
Construction liabilities paid		(38 788 536 053)	(46 397 537 350)	(38 788 536 053)	(11 445 444 063)
Government equity contribution	12	52 800 338 577	44 280 341 048	37 230 086 333	10 791 091 943
Net cash generated from financing activities		170 019 084 483	153 539 110 616	154 448 832 239	50 796 637 499
Net increase in cash and cash equivalents		(10 612 217 650)	(34 305 812 453)	1 575 502 283	293 335 232
Cash and cash equivalents at the beginning of year		2 230 935 511	1 965 144 148	648 987 377	355 652 145
Effects of inflation on cash and cash equivalents		10 605 771 799	34 571 603 816	-	-
Cash and cash equivalents at the end of year	10	2 224 489 660	2 230 935 511	2 224 489 660	648 987 377

Statement of accounting policies for the year ended 31 December 2022

1 GENERAL INFORMATION

Zimbabwe National Water Authority was incorporated in Zimbabwe in January 2000. The Authority is responsible for the planning, development, operation and management of water resources within Zimbabwe. The registered office of the Authority is Block 4, Celestial Park, Borrowdale Road, Harare.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of Zimbabwe National Water Authority have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Zimbabwe National Water Authority Act (Chapter 20:25) and the Public Finance Management Act (Chapter 22:19).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note **2.17**.

Appropriate adjustments and reclassifications, including restatements for changes and general purchase power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29, "Financial reporting in hyperinflationary economies" have been made in these financial statements to the historical cost financial information (refer to note **2.17**).

Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Authority. The historical costs financial statements have been provided by way of supplementary information.

2.11 Functional and presentation currency

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which prescribed parity between the United States Dollar (USD) and the local currency as at and up to the effective date of 22 February 2019. The Authority adopted the Zimbabwe Dollar as its functional and reporting currency in 2019 in line with the requirements of the law. For 2019 and subsequent financial years, the Directors and management determined that the Authority's functional currency is ZWL based on requirements of IAS 21. The annual financial statements for the year ended 31 December 2022 are therefore presented in ZWL being the currency of the primary economic environment in which the Authority operates.

During the year ended 31 December 2022, the following exchange rates were available in Zimbabwe:

i. Auction rate: Having come into effect on 23 June 2020, the Foreign Currency Auction Market was operational throughout the year under audit.

ii. The interbank exchange rate (Willing Buyer Willing Seller): With effect from 09 May 2022, the interbank exchange system was put in place to run parallel to the Foreign Currency Auction System.

2.1.1 Functional and presentation currency (continued)

Market participants willing to participate on the interbank exchange market/foreign currency auction market are required to meet the eligibility criteria specified by the Reserve Bank of Zimbabwe (RBZ). Owing to the nature of the activities of the Authority being funded by the Government of Zimbabwe on majority of its projects, the Authority did not participate on the Foreign Currency Auction Market and have chosen the Auction rate as its appropriate exchange rate for translation of foreign currency transactions and balances, since it is from the market used by the majority shareholder for sourcing funding.

The Authority determined that there is no other appropriate exchange rate with observable inputs for financial reporting and therefore applied the auction exchange rate for the year ended 31 December 2022. The following exchange rate was applied to translate foreign currency transactions and balances for the year ended 31 December 2022:

i. Closing exchange rate- USD 1: ZWL 671.4466 (2021: ZWL 108.6660)

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations effective for the first time for 31 December 2022 year ends that are relevant to the Authority

IFRS 16: Leases

In May 2020, the IASB published an amendment 'COVID19- Related Rent Concessions (amendment to IFRS 16)' (the amendment). The amendment added a practical expedient to the Standard which provides relief for lessees in assessing whether specific COVID- 19 rent concessions are considered to be lease modifications. Instead, if this practical expedient is applied, these rent concessions are treated as if they are not lease modifications.

In light of the impact of COVID- 19 pandemic has had on business activity across the world, and response from feedback received from stakeholders, the IASB decided to extend this relief for one year to provide relief for recent concessions in relation to COVID- 19 that reduce payments up until 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

IAS 16- Proceeds before intended use (Amendments to IAS 16)

The IASB ('Board') has concluded that the cost of an asset includes any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. One of those costs is testing whether the asset is functioning properly.

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing an item of PPE to see if it is functioning properly). The proceeds from selling the output generated when the item of PPE is in the development phase, together with the costs of production, are now recognised in profit or loss. An entity will use IAS 2, 'Inventories', to measure the cost of the output generated. The cost of the output will not include depreciation of the PPE being tested, because depreciation only commences when the item of PPE is ready for its intended use and has moved to the production phase.

IAS 37 - Onerous contracts- Cost of fulfilling a contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate

directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(b) New standards, amendments and interpretations issued but not effective for 31 December 2022 year ends that are relevant to the Authority but have not been early adopted

IAS 1: Presentation of Financial Statements

The amendments clarify the guidance in IAS 1 by:

- Specifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period;
 - Stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability;
 - Adding guidance about lending conditions and how these can impact classification; and
 - Including requirements for liabilities that can be settled using an entity's own instruments.
- The amendments are effective for reporting periods beginning on or after 1 January 2023.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the guidance in IAS 8 by:

- Aligning the definition of "material" across the standards and to clarify certain aspects of the definition.
- The new definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".
- The amendments to the definition of material are not expected to have a significant impact on ZINWA's financial statements.

The amendments are effective for reporting periods beginning on or after **1 January 2023**.

2.2 Segment reporting

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Authority is mandated to plan, develop and manage the national water resources. The activities of the Authority are entirely related to the management of national water resources in an efficient, equitable and sustainable manner to support the socio- economic development of the nation while taking appropriate measures to mitigate the impacts of climate change related extreme events such as droughts and floods, primarily in Zimbabwe.

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision- maker. The chief operating decision-maker, responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, has been identified as the executive management team.

2.3 Foreign currency translation

Transactions and balances

Transactions in foreign currencies are translated to the reporting currency of the Authority at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in

foreign currencies at the reporting date are translated to the reporting currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the reporting currency at the exchange rate at the date that the fair value was determined. 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.

2.4 Property, plant and equipment

Items of property, plant and equipment are initially stated at cost of acquisition or construction and then subsequently at revalued amounts less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Depreciation commences when the asset is available for its intended use by management.

Increases in the carrying amount arising on valuations are credited to the revaluation reserve. Decreases that offset previous increases of the same assets are charged against the revaluation reserve. All other decreases are charged to the statement of profit or loss and other comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses on disposals are included in the statement of profit or loss and other comprehensive income.

The cost of major renovations is included in the carrying amount of the asset, where it is probable that future economic benefits in excess of the original standard of performance of the existing asset is expected to flow to the Authority and the cost of the item can be measured reliably. All other costs are recognised as expenses in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land and assets under construction are not depreciated.

	Years
Furniture and fittings	3-10
Computer equipment	3-10
Tools and equipment	3-10
Drilling rigs and equipment	3-10

Depreciation methods, useful lives and residual values of items of property, plant and equipment are reassessed at each statement of financial position date. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal to or less than the residual value.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are

separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("Cash generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed at the end of each reporting period.

2.5 IFRS 16 'Leases'

Recognition and measurement

At lease commencement date, the Authority recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Authority, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Authority depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Authority also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Authority measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Authority's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

2.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Authority accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.7 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Authority and the cost of the asset can be measured reliably. Intangible assets that are acquired by the Authority are measured at cost less accumulated amortization and accumulated impairment losses.

Costs associated with researching or maintaining computer software programmes are recognised as an expense as they are incurred. Costs that are directly associated with the development of identifiable software products that will probably generate economic benefits beyond one year that can be measured reliably are recognised as intangible assets.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful life of computer software is 14 years.

2.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Authority does not have any financial assets categorised as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cashflows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as treasury bills from Government and parastatals.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains a quoted equity investments. The Authority accounts for the investments at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Authority accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the contractual cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of financial assets is calculated as the difference between its carrying amount and its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Authority that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity. For other financial assets the reversal is recognised in profit or loss.

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Authority's first identifying a credit loss event. Instead the Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts information that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
- '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Authority makes use of a simplified approach in accounting for trade and other receivables, recognise the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Authority uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Authority designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method and financial liabilities designated at FVTPL, are subsequently carried at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments. Cash and cash equivalents are measured at fair value, with any impairment or appreciation in value of foreign currency denominated balances arising from changes in exchange rates, being written off or credited against the exchange gains and losses account in profit or loss. In the statement of financial position, bank overdrafts are shown under current liabilities.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Authority prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within two months of recognition. Trade and other payables are classified as current liabilities unless payment is not due within twelve months after the reporting date.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Offset

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities, which are determinable monetary amounts and the Authority intends to settle on a net basis, the relevant financial assets and liabilities are offset.

2.9 Inventories

Inventories are stated at the lower of cost, determined on a weighted average cost, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.12 Government equity contribution

Contributions made by the Government of Zimbabwe under the Public Sector Investment Programme are accounted for on an accrual basis and are credited directly to the Government's equity in the Authority.

2.13 Revenue recognition

The Authority sell water. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. This is the point at which the performance obligation is satisfied and a receivable is recognised as the considerations is unconditional and only the passage of time is required before payment is due.

To determine whether to recognise revenue, the Authority follows a 5-step process:

- 1 Identifying the contract with a customer;
- 2 Identifying the performance obligations;
- 3 Determining the transaction price;
- 4 Allocating the transaction price to the performance obligations; and
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Authority recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Authority satisfies a performance obligation before it receives the consideration, the Authority recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of water

Revenue from the sale of water is recognised in the statement of profit or loss and other comprehensive income when the significant risks and rewards of ownership are transferred to the customer.

Services rendered

Revenue from services rendered is recognised in the statement of profit or loss and other comprehensive income in proportion to the related services. When the outcome of a transaction involving the rendering of services can be estimated reliably.

Finance income

Interest income comprises interest received or receivable on loans, trade and other receivables and funds invested. Interest is recognized in the statement of profit or loss and other comprehensive income when it is probable that economic benefits associated with the transaction will flow to the Authority using the effective interest rate method over the period to maturity.

Finance costs

Finance costs comprise interest expense on borrowings, reductions in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets measured at amortised cost.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The capitalization of borrowing costs commences when expenditures for the asset have occurred, borrowing costs have been incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization is suspended during extended periods in which active development is interrupted. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.15 Employee benefits**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Termination benefits

Termination benefits are recognised as an expense when the Authority is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Authority has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Authority has a present legal or constructive obligation to pay this

amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.16 Financial Risk Management

Financial risk factors

The Authority's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's future financial performance. The primary objective of the financial risk management function is to establish risk limits and to ensure that risk stays within limits.

Risk management is carried out under policies approved by the Board of Directors (the "Board"). The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Authority's market risks arise from open positions in foreign currencies and interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

i) Foreign exchange risk

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the Authority's functional currency. The Authority is exposed to foreign exchange risk arising from various currency exposures on purchases that are denominated in a currency other than the ZWL, primarily with respect to the United States Dollar (USD).

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Authority's primary method of managing foreign exchange risk is to match the Authority's principal cash outflows to the currency in which the principal cash inflows are denominated. The Authority holds foreign denominated receivables, payables and cash and cash equivalents and is therefore exposed to foreign exchange risk.

ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market.

The Authority is exposed to equity securities or commodity price risk because it had no assets nor obligations that expose the Authority to these risks at the reporting date (2021: ZWLnil).

iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

As the Authority has interest-bearing assets which are trade receivables therefore, the Authority's income is not substantially independent of changes in market interest rates.

The Authority has borrowings amounting to ZWL 39 056 827 (ZWL 36 832 750) and is exposed to cash flow interest rate risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk potentially arises from cash and cash equivalents, deposits with banks and financial institutions, loans and receivables, investments, as well as credit exposures to wholesale and retail customers including outstanding trade receivables. The Authority manages and analyses credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

The executive management team meets regularly to manage the concentration of credit risk and set and assess limits for the individual customer. The executive management team assesses the credit risk quality of the customer, taking into account its financial position, past experience and other factors. Counterparty specific exposure is monitored against concentration of credit risk in relation to the total credit risk exposure to all counterparties. The Authority has well established credit control procedures that monitor activity on a customer account and allow for remedial action should the customer not comply with payment terms.

Credit limits are monitored based on the financial position and history of the customer's ability to pay. In the view of management, the credit quality of trade receivables is considered sound.

The Authority's maximum exposure to credit risk by class of financial asset on statement of financial position is as follows:

	Inflation adjusted		Historical Cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Trade and other receivables	11 416 307 069	6 983 515 289	11 416 307 069	2 031 530 381
Cash and cash equivalents	2 224 489 660	2 230 935 511	2 224 489 660	648 987 377
	<u>13 640 796 729</u>	<u>9 214 450 800</u>	<u>13 640 796 729</u>	<u>2 680 517 758</u>

(c) Liquidity Risk

Liquidity risk is the risk that the Authority may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Inflation adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Exposure to liquidity risk				
Long term borrowings	39 056 827	201 193 662	39 056 827	36 832 750
Retention creditors	2 727 662 295	1 227 352 588	2 727 662 295	332 303 226
Trade and other payables	26 345 569 372	3 084 702 292	26 345 569 372	892 922 482
Dam construction liabilities	167 967 174 864	182 462 472 445	167 967 174 864	53 143 788 027
	<u>197 079 463 358</u>	<u>186 975 720 987</u>	<u>197 079 463 358</u>	<u>54 405 846 485</u>

2.17 Critical Accounting Estimates and Judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors, including making assumptions concerning future events that are believed to be reasonable under the circumstances. Actual results may differ from these accounting estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are accounted for prospectively.

In the process of applying the accounting policies as set out above, management has made the following judgements that have a significant risk of causing material adjustment to the amounts recognised in the financial statements:

The useful lives and residual values of property, plant and equipment and investment property are reviewed at each year-end. The useful lives, which are estimated by management, are based on historic analysis and other available information. The residual values are estimated based on useful lives as well as other available information.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Inflation Indices and Adjustments

The Consumer Price Indices (CPI's) presented below, as compiled by the Zimbabwe Central Statistics Office (CSO) and the conversion factors derived therefrom, have been applied in adjusting the historical financial statement figures as required per IAS 29.

Dates	Conversion factors
31/12/2022	1
31/12/2021	3.44
31/12/2020	1.61
2022 Average CPI	1.27

1 Financial assets prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date. The corresponding figures for the previous period are restated in the same terms of the measuring unit current at the balance sheet date.

2 Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

3 Non monetary assets and liabilities that are not carried at current amounts at the balance sheet date and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction to the balance sheet date. Additions to property, plant and equipment are restated using the relevant conversion factors from the date of the transaction to balance sheet date.

4 All items in the statement of comprehensive income are restated by applying the relevant monthly conversion factors.

5 The effect of inflation on the net monetary position is included in the statement of comprehensive income as a monetary gain or loss on the monetary position.

6 All items in the cash flow statement are expressed in terms of the measuring unit current at the statement of financial position date.

3 Property, plant and equipment

	INFLATION ADJUSTED									
	Dams and canals ZWL	Land and buildings ZWL	Motor vehicles and tractors ZWL	Pumping equipment ZWL	Furniture and fittings ZWL	Computer equipment ZWL	Tools and equipment ZWL	Rigs and equipment ZWL	Work in progress ZWL	Total ZWL
Year ended 31 December 2021										
Opening carrying amount	983 987 378 722	11 363 286 044	728 195 244	16 337 861 987	147 439 497	66 819 025	289 009 694	352 759 435	289 104 466 976	1 302 377 216 624
Additions	-	-	5 713 183	29 619 977	10 095 702	65 465 099	24 640 760	-	194 162 099 191	194 297 633 912
Disposal	-	-	(9 360 418)	-	-	-	-	-	-	(9 360 418)
Depreciation charge for the year	-	(383 429 400)	(234 770 499)	(860 864 196)	(30 746 688)	(40 378 841)	(40 699 394)	(101 150 600)	-	(1 692 039 618)
Transfer of assets	-	-	-	(27 992)	-	27 992	-	-	-	-
Carrying amount	983 987 378 722	10 979 856 644	489 777 510	15 506 589 776	126 788 511	91 933 275	272 951 060	251 608 835	483 266 566 167	1 494 973 450 500
As at 31 December 2021										
Cost	983 987 378 722	11 799 504 846	981 317 342	17 227 341 285	190 987 762	171 383 683	356 270 762	515 318 396	483 266 566 167	1 498 496 068 965
Accumulated depreciation	-	(819 648 202)	(491 539 832)	(1 720 751 509)	(64 199 251)	(79 450 408)	(83 319 702)	(263 709 561)	-	(3 522 618 465)
Carrying amount	983 987 378 722	10 979 856 644	489 777 510	15 506 589 776	126 788 511	91 933 275	272 951 060	251 608 835	483 266 566 167	1 494 973 450 500
Year ended 31 December 2022										
Opening carrying amount	983 987 378 722	10 979 856 644	489 777 510	15 506 589 776	126 788 511	91 933 275	272 951 060	251 608 835	483 266 566 167	1 494 973 450 500
Additions	-	6 239 330	-	1 054 556 883	11 332 473	236 514 448	28 159 166	397 663 736	187 778 199 627	189 512 665 663
Disposal	-	-	(4 415 750)	-	-	-	-	-	-	(4 415 750)
Depreciation charge for the year	-	(26 977 461)	(24 703 665)	(69 395 855)	(2 905 987)	(49 038 201)	(5 338 714)	(74 012 981)	-	(252 372 864)
Carrying amount	983 987 378 722	10 959 118 513	460 658 095	16 491 750 804	135 214 997	279 409 522	295 771 512	575 259 590	671 044 765 794	1 684 229 327 549
As at 31 December 2022										
Cost	983 987 378 722	11 805 744 176	976 901 592	18 281 898 168	202 320 235	407 898 131	384 429 928	912 982 132	671 044 765 794	1 688 004 318 878
Accumulated depreciation	-	(846 625 663)	(516 243 497)	(1 790 147 364)	(67 105 238)	(128 488 609)	(88 658 416)	(337 722 542)	-	(3 774 991 329)
Carrying amount	983 987 378 722	10 959 118 513	460 658 095	16 491 750 804	135 214 997	279 409 522	295 771 512	575 259 590	671 044 765 794	1 684 229 327 549
Cost	983 987 378 722	11 799 504 846	981 317 342	17 227 341 285	190 987 762	171 383 683	356 270 762	515 318 396	483 266 566 167	1 498 496 068 965

3 Property, plant and equipment (continued)

	HISTORICAL COST										
	Dams and canals ZWL	Land and buildings ZWL	Motor vehicles and tractors ZWL	Pumping equipment ZWL	Furniture and fittings ZWL	Computer equipment ZWL	Tools and equipment ZWL	Rigs and equipment ZWL	Work in progress ZWL	Total ZWL	
Year ended 31 December 2021											
Opening carrying amount	39 696 968 896	521 543 727	52 961 211	659 078 088	7 169 139	5 509 386	14 681 937	36 643 794	19 054 200 392	60 048 756 570	
Additions	-	-	1 132 259	5 653 291	2 106 555	15 679 096	6 470 375	-	51 225 694 989	51 256 736 565	
Disposal	-	-	(377 627)	-	-	-	-	-	-	(377 627)	
Depreciation charge for the year	-	(17 598 360)	(17 201 772)	(34 874 705)	(1 617 135)	(4 738 329)	(2 193 964)	(10 507 279)	-	(88 731 544)	
Transfer of assets	-	-	-	(5 066)	-	5 066	-	-	-	-	
Carrying amount	39 696 968 896	503 945 367	36 514 071	629 851 608	7 658 559	16 455 219	18 958 348	26 136 515	70 279 895 381	111 216 383 964	
As at 31 December 2021											
Cost	39 696 968 896	539 142 087	70 329 834	699 414 627	10 625 786	22 769 811	23 075 352	47 157 049	70 279 895 381	111 389 378 823	
Accumulated depreciation	-	(35 196 720)	(33 815 763)	(69 563 019)	(2 967 227)	(6 314 592)	(4 117 004)	(21 020 534)	-	(172 994 859)	
Carrying amount	39 696 968 896	503 945 367	36 514 071	629 851 608	7 658 559	16 455 219	18 958 348	26 136 515	70 279 895 381	111 216 383 964	
Year ended 31 December 2022											
Opening carrying amount	39 696 968 896	503 945 367	36 514 071	629 851 608	7 658 559	16 455 219	18 958 348	26 136 515	70 279 895 381	111 216 383 964	
Additions	-	1 912 000	-	396 164 368	9 824 479	123 192 362	13 042 476	273 311 418	172 161 997 244	172 979 444 347	
Disposal	-	-	(607 407)	-	(2 267)	-	-	-	-	(609 674)	
Depreciation charge for the year	-	(17 622 260)	(16 136 968)	(45 330 871)	(1 898 254)	(32 032 812)	(3 487 363)	(48 346 877)	-	(164 855 405)	
Carrying amount	39 696 968 896	488 235 107	19 769 696	980 685 105	15 582 517	107 614 769	28 513 461	251 101 056	242 441 892 625	284 030 363 232	
As at 31 December 2022											
Cost	39 696 968 896	541 054 087	69 722 427	1 095 578 995	20 447 998	145 962 173	36 117 828	320 468 467	242 441 892 625	284 368 213 496	
Accumulated depreciation	-	(52 818 980)	(49 952 731)	(114 893 890)	(4 865 481)	(38 347 404)	(7 604 367)	(69 367 411)	-	(337 850 264)	
Carrying amount	39 696 968 896	488 235 107	19 769 696	980 685 105	15 582 517	107 614 769	28 513 461	251 101 056	242 441 892 625	284 030 363 232	

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
4 Right of use asset				
Opening carrying amount	21 274 406	26 593 007	3 576 292	4 470 365
Depreciation charge for the year	(5 318 601)	(5 318 601)	(219 350)	(894 073)
Closing carrying amount	15 955 805	21 274 406	3 356 942	3 576 292
Cost	31 911 609	31 911 609	4 689 715	4 689 715
Accumulated depreciation	(15 955 804)	(10 637 203)	(1 332 773)	(1 113 423)
Closing carrying amount	15 955 805	21 274 406	3 356 942	3 576 292
4.1 Lease liability				
Opening carrying amount	54 945 713	31 796 796	8 029 359	1 295 323
Lease remeasurement	-	11 597 129	-	3 373 613
Finance cost repayment	(1 568 100)	(709 007)	(1 568 100)	(206 251)
Capital repayment	(3 819 375)	(1 300 831)	(3 819 375)	(378 413)
Foreign exchange losses	20 202 034	13 561 626	20 202 034	3 945 087
Effects of inflation	(46 916 354)	-	-	-
Closing carrying amount	22 843 918	54 945 713	22 843 918	8 029 359
4.1 Lease liability				
Lease liabilities are presented in the statement of financial position as follows:				
Current liability portion	6 461 259	23 857 924	6 461 259	3 167 362
Non current liability portion	16 382 659	31 087 789	16 382 659	4 861 997
Total	22 843 918	54 945 713	22 843 918	8 029 359
4.2 Lease Liability - Maturity analysis				
Inflation Adjusted	Less than 1 year ZWL	Between 1 - 2 years ZWL	Between 2-3 years ZWL	Total ZWL
31 December 2022	6 461 259	14 848 547	1 534 112	22 843 918
31 December 2021	23 857 924	20 207 063	10 880 726	54 945 713
Historical Cost	Less than 1 year ZWL	Between 1 - 2 years ZWL	Between 2-3 years ZWL	Total ZWL
31 December 2022	6 461 259	14 848 547	1 534 112	22 843 918
31 December 2021	3 167 362	3 160 298	1 701 699	8 029 359
4.3 Lease expenses in profit or loss				
	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Lease interest expense	1 568 100	709 007	1 568 100	206 251
Depreciation	5 318 601	5 318 601	219 350	894 073
Expenses relating to short-term leases				
lease remeasurement losses	-	11 597 129	-	3 373 613
Foreign exchange losses	20 202 034	13 561 626	20 202 034	3 945 087
Cash payment for lease liability	5 387 475	2 009 838	5 387 475	584 664
Principal	3 819 375	1 300 831	3 819 375	378 413
Interest	1 568 100	709 007	1 568 100	206 251
2 000 000 ordinary shares with a nominal value of ZWL 0.01 each	20 000	20 000	20 000	20 000
1 150 894 ordinary shares with a nominal value of ZWL 0.01 each	433 958	11 509	13 407	11 509

5 Investment property

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Year ended 31 December				
Opening carrying amount	74 654 418	75 444 526	3 011 750	3 043 625
Depreciation charge for the year	(1 886 113)	(790 108)	(31 875)	(31 875)
Carrying amount	72 768 305	74 654 418	2 979 875	3 011 750
As at 31 December				
Cost	76 234 637	76 234 637	3 075 500	3 075 500
Accumulated depreciation	(3 466 332)	(1 580 219)	(95 625)	(63 750)
Carrying amount	72 768 305	74 654 418	2 979 875	3 011 750

Investment property includes a guest house in Runde, Masvingo leased to Sika Lodge which was transferred from property, plant and equipment to investment property due to the change in use. Items of investment property are stated at cost less accumulated depreciation. Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight line basis over an estimated useful life of 40 years.

6 Intangible assets

Year ended 31 December				
Opening carrying amount	5 608 083	4 594 507	499 593	21 001
Additions	-	2 740 776	-	522 946
Amortisation charge for the year	(1 727 202)	(1 727 200)	(44 354)	(44 354)
Carrying amount	3 880 881	5 608 083	455 239	499 593
As at 31 December				
Cost	24 181 068	24 181 068	620 947	620 947
Accumulated depreciation	(20 300 187)	(18 572 985)	(165 708)	(121 354)
Carrying amount	3 880 881	5 608 083	455 239	499 593

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
7 Financial assets at FVTPL				
Year ended 31 December				
Opening carrying amount	9 110 342	8 719 259	2 650 205	2 215 677
Fair value adjustment	(2 559 168)	1 493 733	(2 559 168)	434 528
Effects of inflation	(6 460 137)	(1 102 650)	-	-
Carrying amount	91 037	9 110 342	91 037	2 650 205
8 Inventories				
Catchment stores stock	297 536 717	56 647 658	161 696 328	12 989 566
Drilling materials and supplies	44 090 208	35 517 019	15 736 244	8 144 214
Fuel and oils	44 585 164	70 035 938	16 059 560	16 059 560
	386 212 089	162 200 615	193 492 132	37 193 340
9 Trade and other receivables				
Government institutions	4 626 716 221	2 366 797 228	4 626 716 221	688 510 052
Irrigators	3 717 019 103	2 206 527 743	3 717 019 103	641 887 067
Local authorities	2 117 172 409	2 496 526 740	2 117 172 409	726 248 846
Parastatals	367 681 148	453 926 274	367 681 148	132 048 829
Other corporate consumers	1 639 401 801	229 426 232	1 639 401 801	66 740 938
Direct private consumers	1 614 195 317	972 317 103	1 614 195 317	282 850 635
	14 082 185 999	8 725 521 320	14 082 185 999	2 538 286 367
Allowance for credit losses	(3 259 505 484)	(2 087 546 716)	(3 259 505 484)	(607 275 047)
	10 822 680 515	6 637 974 604	10 822 680 515	1 931 011 320
Other receivables	593 626 554	345 540 685	593 626 554	100 519 061
	11 416 307 069	6 983 515 289	11 416 307 069	2 031 530 381
9.1 Movements in the impairment allowance for trade receivable				
Balance at the beginning of the year	2 087 546 716	3 366 160 080	607 275 047	323 924 658
Movement	2 652 230 437	297 711 746	2 652 230 437	283 350 389
Effects of inflation	(1 480 271 669)	(1 576 325 110)	-	-
Closing balance	3 259 505 484	2 087 546 716	3 259 505 484	607 275 047
10 Cash and cash equivalents				
Cash and bank	2 224 489 660	2 230 935 511	2 224 489 660	648 987 377

11 Share Capital

Authorised share capital of the Authority

In terms of section 21 of the Zimbabwe National Water Authority Act, the authorised share capital of the Authority shall be such number of shares of such value as the Board of Directors may fix by resolution with the approval of the Minister and the Minister responsible for finance.

Issued share capital

The Board shall allot to the state such number of the Authority's shares, subject to such terms and conditions as the Minister and the Minister responsible for finance may determine in consultation with the Board. The Board of Directors shall issue shares to the state in consideration for the assets which were transferred from both the state and former Regional Water Authority at the Authority's inception in January 2000.

Inflation adjusted		Historical cost	
2022	2021	2022	2021
ZWL	ZWL	ZWL	ZWL

12 Government equity contribution

Opening balance	245 075 104 724	200 794 763 676	16 908 766 679	6 117 674 736
Received during the year (PSIP)	52 800 338 577	44 280 341 048	37 230 086 333	10 791 091 943
Balance at end of year	297 875 443 301	245 075 104 724	54 138 853 012	16 908 766 679

This amount represents the Government of Zimbabwe contributions to the Authority. The contributions are made under the Public Sector Investment Programme and are meant for specific capital projects.

The principal components are:-

- Direct capital transfers by the Government of Zimbabwe to the Authority.
- Payments made directly to the Authority's contractors, through the Infrastructure Development Bank

	INFLATION ADJUSTED		HISTORICAL COST	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
13 Long term borrowings				
Opening balance	201 193 662	191 986 921	36 832 750	34 723 886
Interest charged	2 034 132	9 326 851	2 034 132	2 108 864
Penalty on late payments	189 945	-	189 945	-
Effects of inflation	(164 360 912)	(120 110)	-	-
Closing balance	39 056 827	201 193 662	39 056 827	36 832 750
The IDBZ's borrowing is unsecured. The interest rate on the borrowing is 6%. Interest accrued to 31 December 2022 amounted to ZWL 2 034 133 (2021: ZWL 2 108 864).				
14 Retention creditors				
Opening balance	1 227 352 588	243 086 539	332 303 226	40 723 886
Additions	2 395 359 069	1 002 332 781	2 395 359 069	291 579 340
Effects of inflation	(895 049 362)	(18 066 732)	-	-
Closing balance	2 727 662 295	1 227 352 588	2 727 662 295	332 303 226
15 Trade and other payables				
Trade payables	3 851 943 587	864 101 047	3 851 943 587	251 370 185
Deferred revenue	38 219 815	-	38 219 815	-
Accrued leave pay	2 328 392 268	622 998 463	2 328 392 268	181 232 553
Value added tax and penalties (ZIMRA)	16 976 115 716	1 197 906 336	16 976 115 716	348 475 376
Accrued pensions and penalties	1 973 564 593	273 040 302	1 973 564 593	79 428 432
Outstanding net salaries	1 096 834 659	-	1 096 834 659	-
Water fund (refer to note 17)	(1 453 782 827)	42 033 014	(1 453 782 827)	(12 227 559)
Other creditors	1 534 281 561	84 623 130	1 534 281 561	44 643 495
	26 345 569 372	3 084 702 292	26 345 569 372	892 922 482
16 Clear and raw water sales				
Clear water sales	19 496 605 428	11 726 763 024	14 865 760 179	2 712 025 929
Raw water sales	10 140 929 369	5 067 316 055	7 719 282 172	1 172 089 340
Deferred revenue	(38 219 815)	-	(38 219 815)	-
	29 599 314 982	16 794 079 079	22 546 822 536	3 884 115 269

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
17 Water Fund				
Reconciliation of the Water Fund for the year:-				
Opening balance	42 181 220	86 710 281	(12 221 580)	15 651 159
Levies invoiced to raw water users during the year	1 027 418 242	486 412 049	671 131 777	112 169 354
Statutory functions expenditure for the year	(3 318 347 098)	(530 941 110)	(2 112 702 222)	(140 042 093)
Closing balance	(2 248 747 636)	42 181 220	(1 453 792 025)	(12 221 580)
Represented by:-				
(Payables)/Receivables	(1 453 782 827)	42 033 014	(1 453 782 827)	(12 227 559)
Equipment	(794 964 809)	148 206	(9 198)	5 979
	(2 248 747 636)	42 181 220	(1 453 792 025)	(12 221 580)

The Authority administers a Water Fund, established in terms of section 39 of the Zimbabwe National Water Authority Act (Chapter 20:25) in accordance with the directions of the Minister.

18 Construction liabilities

Balance as at 1 January	182 462 472 445	75 462 667 788	53 143 788 027	13 429 821 811
Certificates drawn during the year	153 611 922 890	154 653 974 137	153 611 922 890	51 159 410 279
Disbursements done during the year	(38 788 536 053)	(46 397 537 350)	(38 788 536 053)	(11 445 444 063)
Effects of inflation	(129 318 684 418)	(1 256 632 130)	-	-
	167 967 174 864	182 462 472 445	167 967 174 864	53 143 788 027

The balance represents the certificates for work done by contractors which have been certified by the Authority and submitted to IDBZ for payment. The IDBZ is yet to receive the amount from the Ministry of Finance. The Authority does not have an obligation to settle the amounts. Contributions by Ministry of Finance to settle the amounts will be credited to Government Equity contribution.

19 Net financing income

Interest received	1 071 596 157	1 841 217 360	742 262 998	416 338 422
Interest paid	(183 523 968)	(51 788 160)	(127 121 630)	(12 382 404)
	888 072 189	1 789 429 200	615 141 368	403 956 018

	INFLATION ADJUSTED		HISTORICAL COST	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
20 Other operating income				
Loss/Profit on disposal of vehicles	(100 276 302)	(7 929 873)	148 235 067	38 547
Fair value adjustment on investments	(2 559 167)	1 493 733	(2 559 168)	434 528
Donations	-	20 428 218	-	4 993 250
Other income	778 934 828	284 754 901	682 216 621	72 454 114
	676 099 359	298 746 979	827 892 520	77 920 439
21 Staff costs				
Non executive board members' fees and emoluments	50 929 413	7 446 588	40 101 900	2 166 240
Executive management	600 438 306	307 941 540	472 786 068	73 849 377
Senior management	3 012 991 785	713 968 426	1 772 567 353	171 221 212
General employees	9 914 461 198	5 859 165 176	7 806 662 361	1 405 122 868
	13 578 820 702	6 888 521 730	10 092 117 682	1 652 359 697
Less: Transfers to the water fund	(880 781 001)	(290 973 705)	(693 528 347)	(83 915 886)
	12 698 039 701	6 597 548 025	9 398 589 335	1 568 443 811
22 Clear water purchased for resale				
Harare City Council	-	1 943 619	-	398 394
Bulawayo City Council	1 409 596 829	339 640 014	1 100 189 691	69 617 799
Zvishavane Municipality	3 596 934	19 651 906	2 807 405	4 028 154
Victoria Falls Municipality	-	110 629 737	-	22 676 359
Gweru City Council	259 642 071	48 823 478	202 650 520	10 007 605
Chegutu Municipality	99 553 773	10 282 080	77 701 675	2 107 572
	1 772 389 607	530 970 834	1 383 349 291	108 835 883
The Authority purchases clear water from other Local Authorities for resale to customers who are outside of the Authority's boundaries. The customers comprise mainly of Government Institutions and Departments. The Authority charges a mark up of 30% over and above the cost of water from the Local Authorities.				
23 Other operating expenses				
Consultancy fees	18 007 151	8 043 518	10 962 342	2 072 508
Legal fees and claim settlements	9 883 911	53 856 229	6 017 099	11 757 873
Audit fees and expenses	51 345 692	44 632 716	51 345 692	12 978 107
Premises costs	492 173 706	283 253 614	299 624 103	63 944 796
Advertising and promotions	337 441 932	109 384 628	205 426 935	26 173 456
Transport and travelling expenses	2 923 139 687	1 142 664 631	1 556 405 653	275 148 208
Communication costs	624 490 995	382 362 923	334 512 690	90 162 825
Inputs and services	1 429 613 203	765 754 049	891 870 658	168 906 484
Bank charges	454 856 964	163 667 555	278 270 853	37 619 594
Penalties	275 819 583	19 086 880	168 102 603	4 760 249
Administrative charges	1 988 481	6 209 261	1 210 542	1 470 243
Discount allowed	137 896 233	101 673 646	80 642 260	21 421 160
	6 756 657 538	3 080 589 650	3 884 391 430	716 415 503

	INFLATION ADJUSTED		HISTORICAL COST	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
24 Bad debts and allowance for credit losses				
Bad debts	617 460 294	-	486 189 208	-
Allowance for credit losses	2 652 230 437	297 711 746	2 652 230 437	283 350 389
	<u>3 269 690 731</u>	<u>297 711 746</u>	<u>3 138 419 646</u>	<u>283 350 389</u>
25 Prior period error				

In 2021, an error was made in non-compliance with the IFRS 16 requirements. The Authority recognised rental expenses to the Gwayi and Mazowe leases, which meets the requirements of IFRS 16 to be recognised as right-of-use assets and lease liabilities. The right-of-use asset, lease liability, depreciation, finance cost, remeasurement adjustments and unrealised foreign exchange losses were not determined by the Authority. The comparative amounts for 2021 have been restated. The effect of the restatement has been corrected retrospectively on the financial statements and is summarised below:

In 2016, the Authority signed a binding multi-donor trust fund for the Zimbabwe reconstruction fund with the World Bank. In terms of the agreement the Authority had to utilise the project for the eligible expenditures that is upgrading stations to increase capacity for water production. These stations include Lupane, Guruve and Ziminyia. The Authority recognised the funds as equity whereas in terms of International Accounting Standards (IAS) 20- "Government Grants", deferred revenue should have been recognised and realised as revenue as and when the Authority expend the funds in terms of the signed agreement. The comparative amounts for 2021 have been restated. The effect of the restatement has been corrected retrospectively on the financial statements and is summarised below:

	Inflation adjusted Restated 2021 ZWL	Historical cost Restated 2021 ZWL
Effect on statement of profit or loss and other comprehensive income		
Increase in depreciation	(8 701 748)	(894 073)
Increase in finance costs	(709 007)	(206 251)
Increase in unrealised foreign exchange losses	(11 669 276)	(3 937 408)
Decrease in rental expenses	941 309	584 664
	<u>(20 138 723)</u>	<u>(4 453 068)</u>
Effect on statement of statement of financial position		
Increase in right-of-use asset	34 806 990	3 576 292
Increase in lease liability	(54 945 713)	(8 029 360)
Decrease in retained earnings	(1 491 341 188)	(5 521 301)
World bank reclassification to retained earnings	1 511 479 911	9 974 369
	<u>-</u>	<u>-</u>

26 Contingent liabilities

Contingent liabilities comprise of claims by former senior manager who was involved in an act of serious misconduct thereby having a dismissal and now claiming for terminational benefits of employment.

The case is pending before the courts, and the probable outcome could not be determined at year end. The claims are as follows:

Nature of claim	Estimated amount ZWL
Terminal benefits	6 073 745

27 Financial instruments - risk management

The company is exposed through its operations to the following financial risks:-

- Credit risk
- Interest rate risk
- Liquidity risk
- Foreign exchange risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:-

- Trade and other receivables;
- Bank and cash;
- Trade and other payables; and
- Borrowings.

Financial instruments by category

A summary of the financial instruments held by category is provided below:-

Financial assets	Inflation adjusted	Historical cost
31 December 2022	ZWL	ZWL
Bank and cash balances	2 224 489 660	2 224 489 660
Trade and other receivables	11 416 307 069	11 416 307 069
	13 640 796 729	13 640 796 729

27 Financial instruments- risk management (Continued)

Financial assets	Inflation adjusted ZWL	Historical cost ZWL
31 December 2021		
Bank and cash balances	2 230 935 511	648 987 377
Trade and other receivables	6 983 515 289	2 031 530 381
	<u>9 214 450 800</u>	<u>2 680 517 758</u>
Financial liabilities		
31 December 2022		
Borrowings	39 056 827	39 056 827
Trade and other payables	26 345 569 372	26 345 569 372
Construction liabilities	167 967 174 864	167 967 174 864
	<u>194 351 801 063</u>	<u>194 351 801 063</u>
Financial liabilities		
31 December 2021		
Borrowings	201 193 662	36 832 750
Trade and other payables	3 084 702 292	892 922 482
Construction liabilities	182 462 472 445	53 143 788 027
	<u>185 748 368 399</u>	<u>54 073 543 259</u>

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, other receivables, short term trade and other receivables, and trade and other payables. Due to their short term nature, their carrying values approximates their fair value.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Authorities risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Authority management. The Board of Directors and management employ the overall risk management policies as set. These policies are reviewed by management on a regular basis for adequacy in being able to manage any changes in risks arising from changes in the operating environment to reduce risk as far as possible without unduly affecting the Authority competitiveness and flexibility.

This note presents information about the Authority exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further details regarding these policies are set out below, whilst further quantitative disclosures are included throughout these financial statements:

Liquidity risk

Liquidity risk arises from the authority's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the authority will encounter difficulties in meeting its financial obligations as they fall due. In order to mitigate any liquidity risk that the authority faces, the authority's policy has been throughout the year ended 31 December 2022, to negotiate favourable payment terms with suppliers. In addition the authority is assisted by the Government of Zimbabwe as and when there is need particularly with negotiations with significant lenders whose balances are due and payable.

Market risk

Market risk arises from the authority use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the authority and the value of its assets, liabilities and capital. The authority finances its operations through a mixture of retained earnings, borrowings and foreign. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. As at 31 December 2022, the Authority held fixed interest rate liabilities.

Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the authority and the value of its assets, liabilities and capital. The authority finances its operations through a mixture of retained earnings, borrowings and foreign. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. As at 31 December 2022, the Authority held fixed interest rate liabilities.

Foreign currency exchange rate risk

Foreign exchange risk arises when the authority enters into transactions denominated in a currency other than the functional currency (ZWL). The Authority policy is, where possible, to settle liabilities denominated in the functional currency with the cash generated in that currency.

Credit risk

Credit risk is the risk of financial loss to the authority if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The authority is mainly exposed to credit risk from trade and other receivables. The credit risk with respect to trade and other receivables is limited to contractual obligations by debtors. In order to minimize the credit risk, the authority has put in place a system to secure prompt payment for supplied services to clients and any other charges levied for the service rendered. Credit risk also arises from deposits with banks and financial institutions. The Authority's deposits with banks are placed with high quality financial institutions.

The Authority applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

HISTORICAL COST

	31 December 2022				
	Current ZWL	More than 30 days ZWL	More than 60 days ZWL	More than 90 days ZWL	Total ZWL
Expected credit loss rate	23%	23%	23%	23%	23%
Gross Carrying amount	4 386 897 176	3 733 884 246	2 696 652 584	3 264 751 994	14 082 185 999
Lifetime expected loss	1 015 404 526	864 256 173	624 175 386	755 669 399	3 259 505 484
	31 December 2021				
Expected credit loss rate	20%	20%	20%	20%	20%
Gross Carrying amount	1 015 314 547	507 657 273	761 485 910	253 828 637	2 538 286 367
Lifetime expected loss	203 062 909	101 531 455	152 297 182	150 383 501	607 275 047

INFLATION ADJUSTED

	31 December 2022				
	Current ZWL	More than 30 days ZWL	More than 60 days ZWL	More than 90 days ZWL	Total ZWL
Expected credit loss rate	23%	23%	23%	23%	23%
Gross Carrying amount	4 386 897 176	3 733 884 246	2 696 652 584	3 264 751 994	14 082 185 999
Lifetime expected loss	1 015 404 526	864 256 173	624 175 386	755 669 399	3 259 505 484

INFLATION ADJUSTED

	31 December 2021				
	Current ZWL	More than 30 days ZWL	More than 60 days ZWL	More than 90 days ZWL	Total ZWL
Expected credit loss rate	20%	20%	20%	20%	20%
Gross Carrying amount	3 490 208 528	1 745 104 264	2 617 656 396	872 552 132	8 725 521 320
Lifetime expected loss	1 040 484 158	349 020 853	523 531 279	174 510 426	2 087 546 716

28 Segment reporting

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on geographical areas. The Authority reportable segments under IFRS 8 are as follows:

- 1 Head Office;
- 2 Mzingwane Catchment;
- 3 Gwayi Catchment;
- 4 Sanyati Catchment;
- 5 Save Catchment;
- 6 Runde Catchment;
- 7 Mazowe Catchment;
- 8 Manyame Catchment;
- 9 Groundwater department;
- 10 Kumakomo Beverages (Private) Limited.
- 11 School of Excellence

28.1 Segment revenues and results

	Segment revenue - clear and raw water						Segment profit/(loss)					
	Inflation		Adjusted		Historical		Inflation		Adjusted		Historical	
	2022	ZWL	2021	ZWL	2022	ZWL	2022	ZWL	2021	ZWL	2022	ZWL
1 Head Office	(570 137)		1 740 871 465		1 992 942 419	(448 927)	(194 183 420 023)		32 408 383 729	(4 647 276 303)	(694 079 158)	
2 Mzingwane Catchment	2 531 036 872		1 821 259 704		3 335 781 233		16 154 428 382		976 381 066	430 013 207	261 191 499	
3 Gwayi Catchment	4 236 442 166		2 128 756 483		3 905 927 018		26 364 618 529		355 116 133	701 797 297	126 286 138	
4 Sanyati Catchment	4 960 527 313		1 436 918 689		2 712 942 661		56 104 367 764		1 218 950 696	1 493 436 881	342 676 607	
5 Save Catchment	3 445 437 180		5 836 316 857		4 231 540 812		25 717 055 112		282 369 475	684 559 868	136 089 268	
6 Runde Catchment	6 338 907 193		1 620 007 330		2 514 560 862		38 006 871 358		1 131 589 011	1 011 701 328	250 215 868	
7 Mazowe Catchment	3 193 492 295		2 208 497 567		3 850 973 771		65 659 338 503		592 208 681	1 747 779 747	174 818 619	
8 Manyame Catchment	4 890 736 689		-		2 602 685		77 636 538 786		1 578 854 049	2 066 599 713	369 021 908	
9 Groundwater	-		1 450 984		-		20 312 162 015		(251 395 995)	540 687 527	(33 088 328)	
10 Kumakomo Spring Water	3 305 410		-		-		(411 007 168)		(2 050 328)	(10 940 561)	(558 198)	
11 School of Excellence	-		-		-		(344 649 180)		38 728 864	(9 174 184)	7 620 915	
	29 599 314 982		16 794 079 079		22 546 822 536		131 016 304 078		38 329 135 380	4 009 184 519	940 195 138	

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2021: NIL).
The accounting policies of the reportable segments are the same as the Authority's accounting policies described in **note 2.2**.

28 Segment reporting (continued)

28.2 Segment assets and liabilities

	Inflation Adjusted		Historical Cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Segment assets				
1 Head Office	1 399 671 289 265	945 543 691 697	245 484 555 987	70 863 750 053
2 Mzingwane Catchment	32 066 028 119	56 103 820 516	5 623 973 811	4 541 033 603
3 Gwayi Catchment	26 551 518 168	43 277 608 079	4 656 798 849	3 386 688 652
4 Sanyati Catchment	44 889 640 550	82 137 969 092	7 873 072 459	6 385 434 631
5 Save Catchment	62 318 857 211	131 582 062 857	10 929 935 557	9 897 489 404
6 Runde Catchment	78 843 802 111	164 857 060 073	13 828 200 880	12 412 109 741
7 Mazowe Catchment	31 555 557 549	58 887 472 292	5 534 443 761	4 543 461 675
8 Manyame Catchment	19 998 531 873	21 331 313 887	3 507 488 333	1 811 261 241
9 Groundwater	734 382 830	698 871 646	128 801 415	90 830 505
10 Kumakomo Springwater	(2 451 820)	749 550	(430 018)	99 585
11 World Bank	1 721 876 540	40 129 473	301 995 262	11 673 812
	1 698 349 032 395	1 504 460 749 164	297 868 836 295	113 943 832 902
Segment liabilities				
1 Head Office	190 982 619 915	183 140 556 062	190 982 619 915	53 332 843 255
2 Mzingwane Catchment	1 102 274 384	697 819 339	1 102 274 384	202 998 222
3 Gwayi Catchment	808 763 260	474 337 950	808 763 260	137 986 661
4 Sanyati Catchment	364 840 906	122 598 661	364 840 906	35 664 403
5 Save Catchment	482 360 586	69 682 024	482 360 586	20 270 758
6 Runde Catchment	875 426 975	943 260 369	875 426 975	274 397 924
7 Mazowe Catchment	251 439 105	148 347 492	251 439 105	43 154 833
8 Manyame Catchment	(109 191 161)	(280 450 476)	(109 191 161)	(81 584 079)
9 Ground water	(444 703 120)	238 449 775	(444 703 120)	69 365 920
10 Kumakomo SpringWater	10 400 406	2 499 374	10 400 406	727 077
11 World Bank	(5 025 762)	13 932 092	(5 025 762)	4 052 897
	194 319 205 495	185 571 032 661	194 319 205 495	54 039 877 871

29 Pensions and post retirement obligations**29.1 The General Government Pension Scheme**

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Opening balance	31 120 080	39 435 141	6 925 066	7 136 979
Contributions during the year	216 822 594	115 614 545	156 781 422	27 205 904
	247 942 674	155 049 686	163 706 488	34 342 883
Less remittances for the year	(70 240 740)	(123 929 606)	(39 653 184)	(27 417 817)
Balance at the end of the year	177 701 934	31 120 080	124 053 304	6 925 066

29.2 Zimbabwe National Water Authority Pension Fund

Opening balance	97 699 606	114 422 962	17 815 045	20 708 288
Contributions during the year	820 626 873	408 929 379	595 707 267	96 467 031
	918 326 479	523 352 341	613 522 312	117 175 319
Less remittances for the year	-	(425 652 735)	(102 021 385)	(99 360 274)
Balance at the end of the year	918 326 479	97 699 606	511 500 927	17 815 045

29.3 National Social Security Authority Scheme

Opening balance	65 589 845	(9 448 722)	17 071 392	(1 710 032)
Contributions during the year	499 327 475	184 261 443	369 638 670	44 935 085
	564 917 320	174 812 721	386 710 062	43 225 053
Less remittances for the year	(94 757 671)	(109 222 876)	(53 409 124)	(26 153 661)
Balance at the end of the year	470 159 649	65 589 845	333 300 938	17 071 392

30 Going concern

As at 31 December 2022, the Authority's inflation adjusted current liabilities exceeded current assets by ZWL 180 292 196 677 (2021: ZWL 176 194 381 246). Included in total current liabilities is ZWL 165 815 988 096 for **Public Sector Investment Programme "PSIP"** which is owed to contractors. This represents the debt owed by the Government of Zimbabwe **"GOZ"** through Ministry of Finance to various contractors who are involved in construction of dams through PSIP projects, hence it does not constitute part of ZINWA's current liabilities. ZINWA is a designated dam construction engineer of all dams and it is supposed to earn 5-10% revenue as management fees.

In the history of the Authority no claim or demand has ever been directed to the Authority by any PSIP Creditor and this shows that it is not responsible for any settling of those PSIP liabilities.

PSIP Contractors follow up their payments or directs their demands directly to the **GOZ** through the **Ministry of Finance**. The Authority does not receive any demands or follow ups on payments from the PSIP Contractors because it is not liable for settling of PSIP debts.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Authority's to continue operating as a going concern. The ability of the Authority to continue operating as a going concern is dependent on improved collections from debtors, continued support from suppliers and lenders.

Mitigating factors

Management assessed that the Authority will continue operating as a going concern, citing the following:

Inflation adjusted revenue increased during the year to ZWL 31.42 billion compared to ZWL 17.35 billion recorded during the 2021 financial year. This increase was mainly attributable to the increased tariffs, Increased number of new connections and reconnections also contributed to significant improvement in revenue generation.

The profitability of the Authority improved with the Authority reporting on inflation adjusted profit of ZWL 131.02 billion for the year ended 31 December 2022, compared to ZWL 38.33 billion for the same period last year.

Continued cost containment and reduction measures, capital expenditure rationalization and optimizing efficiencies on existing capital.

The Authority has a loan facility amounting to ZWL39.06 million (2021: ZWL 36.83 million) with the IDBZ to fund Mtshabezi pipeline and Mutoko water supply. The Authority has also government equity contributions amounting to ZWL 54.14 billion (2021: ZWL 16.91 billion). This amount represents the Government of Zimbabwe contributions to the Authority. The contributions are made under the Public Sector Investment Programme “PSIP” and are meant for specific capital projects. This will enhance management of water resources in an efficient, equitable and sustainable manner to support the socio-economic development of the nation.

Accordingly, the directors believe that financial statements are on a going concern basis.

31 Events after reporting date

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorisation of the financial statements.

32 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 06 July 2023.

