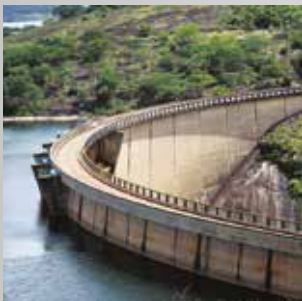




INTEGRATED ANNUAL REPORT 2023



Sustainably delivering quality water to all Zimbabweans.



SCOPE

The Board of the Zimbabwe National Water Authority (ZINWA) holds responsibility for this report in compliance with the *Public Finance Management Act (Chapter 22:19)* and the *Public Entities Corporate Governance Act (Chapter 10:31)*. The Authority also aligns with International Financial Reporting Standards (IFRS).

This integrated annual report provides a comprehensive overview of the Authority's environmental, social, and governance (ESG) impacts alongside its operational and financial performance. It addresses the risks and opportunities faced by ZINWA, offering a balanced and concise account of performance throughout the reporting period. The report outlines the strategies implemented to manage social, economic, environmental, and governance issues that significantly influence the Authority's long-term success and are crucial to key stakeholders.

Comparative data from the previous year is included, and in some cases, statistical and graphical representations extend to cover historical trends over five or more years.

About this Integrated Annual Report

This integrated annual report covers the financial year from January 1 2023 to December 31 2023, and encompasses all operations of the Zimbabwe National Water Authority (ZINWA) across the country. The report follows an annual reporting cycle, with the previous report having been published in September 2023.

Operating Business

This report details the key activities of ZINWA, including its clear and raw water operations, dam projects, irrigation, rural development initiatives, and hydrological services.

Financial and Non-Financial Reporting

This report covers financial reporting as well as non-financial performance, opportunities, risks, and outcomes related to key stakeholders. It also factors ZINWA's sustainability and its ongoing impact on the livelihoods of communities.

Approval by the Board

The Board acknowledges its responsibility for ensuring the integrity of this integrated annual report. In the Board's opinion, the report addresses all material issues pertinent to the Authority's ability to fulfil its mandate and presents an accurate and fair depiction of integrated performance. This report has been approved by the Board of Directors.

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

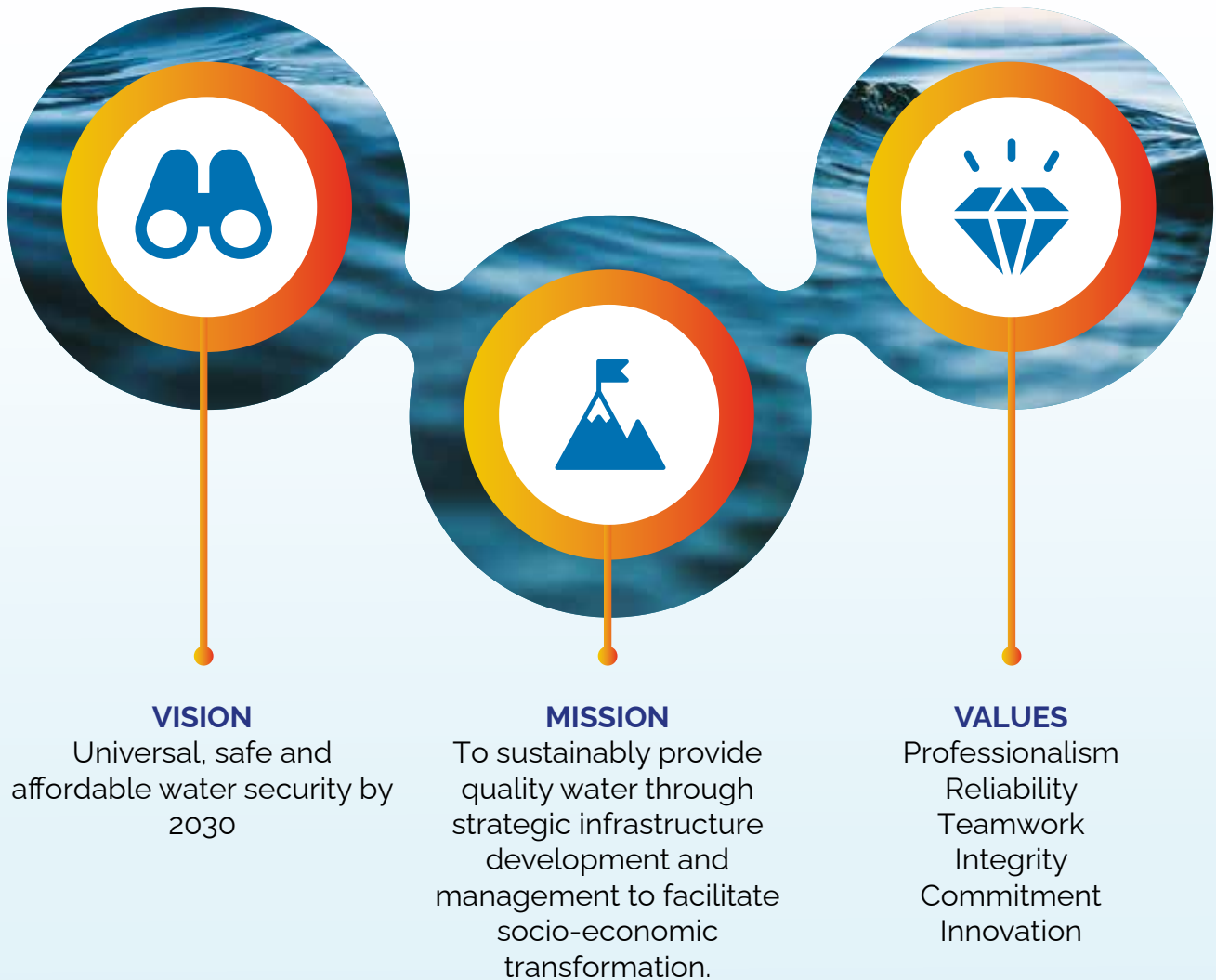
Please address any queries or comments on this report to info@zinwa.co.zw or to jncube@zinwa.co.zw

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CORPORATE INFORMATION

The Zimbabwe National Water Authority (ZINWA) is a wholly-owned Government entity established under the *Zimbabwe National Water Authority Act (Chapter 20:25)*. It is tasked with the planning, development, and management of the nation's water resources to ensure equitable and sustainable socio-economic development. In fulfilling this mandate, ZINWA takes into account the environmental, social and economic impacts of its activities and projects, striving to balance these considerations in all its undertakings.



AUDITORS

Grant Thornton
Chartered Accountants (Zimbabwe)



BANKERS

AFC Commercial Bank Limited
BancABC
CBZ Bank Limited
Ecobank Zimbabwe Limited
POSB Zimbabwe



LEGAL ADVISORS

Muvingi and Mugadza Legal Practitioners

CHAIRMAN'S STATEMENT

Increased winter wheat hectareage in 2023 and early summer irrigation contributed to the increased drawdowns from the country's dams. The national dams received less than half of the inflows which were received in each of the preceding years, 2022 and 2023. At the peak of the rainfall season in 2024, a proportion of 41.1% of national dams spilled compared to 64.9% in 2023 and 65.6% in 2022.



ENG. BONGILE NDIWENI
BOARD CHAIRMAN

Introduction

On behalf of the Board of Directors of the Zimbabwe National Water Authority (ZINWA), I am honoured to present the Authority's 2023 Annual Report to our esteemed stakeholders.

The Authority continued to implement strategies to improve water supply service delivery to support the growing demand for water across all sectors of the economy. The Country achieved food security through a good 2022/23 summer crop harvest as well as a record 2023 irrigated winter wheat harvest which saw the Country being wheat self-sufficient. The agricultural production was supported by a satisfactory 2022/23 rainfall season which resulted in substantial inflows in dams, which were utilised for irrigation.

As the Country accelerated implementation of projects and programmes for the attainment of Vision 2030, water supply infrastructure projects were among the priorities for the shareholder in 2023.

Chivhu Dam was commissioned by His Excellency, the President of the Republic of Zimbabwe, Dr. Emmerson Dambudzo Mnangagwa on June 15, 2024. This was the first dam commissioned together with the water use components, the Chivhu Water Supply and Chivhu Irrigation. This

integrated infrastructure development model adopted by the Ministry of Lands, Agriculture, Fisheries and Rural Development ensures that dams are utilised on completion.

The provision of water for the two major cities in Zimbabwe also gained traction with the Construction of the Kunzvi and Gwayi-Shangani Dams together with the related conveyancing and water use infrastructure.

The implementation of the Presidential Rural Development Programme was accelerated through the year with several horticulture business units commissioned by the President of Zimbabwe during the year under review. Solar powered boreholes were constructed for communities, schools and youth centres; with 1ha horticulture gardens established together with a fisheries project as well as drinking water supply for the beneficiaries. These horticulture gardens are being operated on a commercial basis with registered companies where beneficiaries are shareholders.

Operating Environment

The operating environment in 2023 was characterised by variations in both macro-economic and environmental factors which affected the operations of the Authority.

CHAIRPERSON'S STATEMENT (CONTINUED)

Water Security

The Country had very high dam storage levels of 93.5% at the end of the 2022/23 rainfall season and water availability in 2023 for all activities was secure with significantly higher drawdowns from dams during the year under review. The 2023/24 season was however characterised by low rainfall and inflow in the national dams, particularly during the first half of the season from October to December 2023. Increased winter wheat hectareage in 2023 and early summer irrigation contributed to the increased drawdowns from the country's dams. The national dams received less than half of the inflows which were received in each of the preceding years, 2022 and 2023. At the peak of the rainfall season in 2024, a proportion of 41.1% of national dams spilled compared to 64.9% in 2023 and 65.6% in 2022.

Power Availability for pumping

The Authority experienced significant power supply availability challenges at its pumping stations which affected provision of water to all sectors. The average power availability at water pumping stations was 53% in 2023. Most water supply systems in the Country are designed to operate for 16 hours or more while load shedding hours extended to over 12 hours per day in some areas.

Macro-economic environment

In 2023, the operating environment was influenced by various macroeconomic factors that presented both challenges and opportunities in the supply of water. Market speculation and inflation expectations led to increased exchange rate volatility, which affected the predictability of our operations.

The heightened demand for foreign currency, the widening margin between interbank and parallel market exchange rates, and the reduced use of the local currency for domestic transactions contributed to currency and exchange rate fluctuations throughout the year.

Despite these dynamics, the domestic economy showed resilience, with Real GDP increasing by about 5.5% in 2023, driven by growth in consumer spending, government expenditure, and exports. According to ZimStat, 80% of transactions in 2023 were conducted in USD, with the remainder in local currency. Although the introduction of USD tariffs provided some stability, ZINWA continued

to transact primarily in local currency, converting the USD tariffs at the prevailing RBZ rate at the time of billing. The Authority's consumers paid for water predominantly, in local currency with USD transaction contributing only 20% of collections for ZINWA. This led to a mismatch between revenue inflows and expenditures, as many suppliers invoiced in USD, thereby creating liquidity challenges. Nevertheless, the Authority managed to maintain consistent water supply and service delivery despite these complexities.

Moreover, the Government of Zimbabwe, through the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development, implemented measures to incentivise cereal production for the 2023/24 season in light of the El – Niño induced drought. The suspension of the Water Levy Fund and a 25% reduction in water tariffs for irrigated cereals bolstered the sustainability of farming operations during the 2023/2024 season. These initiatives not only supported the agricultural sector but also underscored ZINWA's role in ensuring the availability and affordability of water resources in a challenging economic climate.

Environmental Overview

ZINWA believes in operating a sustainable business and is committed to reducing the environmental impact of our operations whilst continually improving environmental performance. Through the implementation of the Total Quality Management philosophy, the Authority reached a 95% environmental compliance in 2023 for the Effluent Disposal Classification by the Environmental Management Agency. This compliance meant that the majority of our water supply stations were classified as being in the blue band, the highest ranking that can be achieved. This achievement is a testimony of the efficient environmental management systems ingrained in our operations.

The country's major rivers have suffered notable degradation due to river bed mining across the whole country. This has severely compromised the quality of marine environments, affecting water quality resulting in costly water treatment processes.

Pollution from socio – economic activities such as artisanal mining as well as large scale open and underground mining, especially where dangerous chemicals like mercury were being used, has also

CHAIRPERSON'S STATEMENT (CONTINUED)

led to massive pollution of our water bodies. This has been rampant in the Mazowe, Mzingwane, Save and Manyame Catchment affecting water supply stations like Centenary, Collen Bawn, Odzi and Guruve.

Governance Overview

ZINWA continues to maintain high adherence to corporate governance laws, policies and best practices in its areas of operation. The provisions of the *Public Entities Corporate Governance Act (Chapter 10:31)* were adhered to during the year under review. To enhance the Authority's governance systems, the Integrity Committee of the Board was set up as well as an Integrity Committee comprising both Management and staff to aid in the prevention of corruption.

Supply Chain

The Authority maintained adherence to The Public Finance Management Act and Public Procurement and Disposal of Public Assets Act throughout the year. All goods and services were procured from local contractors and suppliers.

Financial Performance

In 2023, ZINWA recorded an inflation adjusted operating surplus of **ZWL301.9 billion**, with inflation adjusted revenue increasing to **ZWL 577.1 billion** from **ZWL158.2 billion** in 2022. The Authority's inflation adjusted expenditure rose to **ZWL 275.2 billion** from **ZWL 123.4 billion** due to increased costs of goods and services arising from the inflationary pressures experienced in 2023.

The ERP that ZINWA uses, BIQ, was first introduced in 2011. The needs of the Authority and complexity of its operations have evolved over time and the BIQ system needs to be upgraded to meet the new needs. The current Audited results have an adverse opinion rising out of the architecture of the ERP.

Corporate Social Responsibility

In alignment with our Corporate Social Responsibility (CSR) Policy, we invested ZWL 247.5 million in various social activities throughout the year. The Authority's commitment to improving livelihoods and creating shared value for our stakeholders remains central to our business approach. The Authority also continued to support our employees by reviewing salaries in response to revenue thresholds and foreign exchange movements, ensuring their living conditions were continuously improved amidst rising cost of living.

Outlook

The 2023/2024 rainfall season is expected to be an El-Nino-induced drought with below normal rainfall in most parts of the Country. This will increase irrigation water demand throughout the 2023/24 cropping season with some crops primarily depending on irrigation water during the rainy season.

The Parent Ministry has reduced raw water tariffs by 25% to incentivise cereal production in 2024 with the expected increase in raw water uptake anticipated to cover the revenue gap created by the tariff reduction.

Strategic thrust for 2024

The Authority will continue to innovate and introduce sustainable power sources so that disruptions to service delivery are minimised. Efforts are being pursued to adopt solar power for water supply stations as well as adopting modern water treatment technologies that minimise both chemical and power uptake.

Appreciation

I extend my heartfelt gratitude to my fellow Board Members, the CEO, Management, and staff for their unwavering dedication to ZINWA and its Corporate Social Investment.

On behalf of the Board, I also wish to thank all our stakeholders, clients, and the Government of Zimbabwe for their continued support and leadership.

I thank you.



Eng. Bongile Ndiweni
BOARD CHAIRPERSON

CHIEF EXECUTIVE OFFICER'S REPORT

ZINWA remains dedicated to a sustainable future, integrating environmental stewardship into our water management practices. We are committed to minimizing environmental impacts and ensuring the well-being of our communities.



ENG. TAURAYI MAURIKIRA
CHIEF EXECUTIVE OFFICER

The strategic thrust of the Authority during the year under review focused on maintaining water supply to meet the increasing demand for rural and urban areas, industry and mining, which are expanding. The rural development thrust of Government was to support growing centres.

Rural communities were also supported under the Presidential Rural Development programme with boreholes, community water points and horticulture business units.

In 2023, there was renewed vigour in pursuit of a seamless service delivery thrust, which is premised on improving the availability of safe, reliable, and affordable water across the country. Despite facing the challenges posed by the El-Nino-induced hydrological drought towards the end of the year, we successfully ensured water availability through robust and aggressive water management strategies.

This achievement positions us well to sustain winter cropping and support agricultural activities throughout 2024. Our efforts to bolster water security for Zimbabwe's largest cities, Harare and Bulawayo, saw significant progress with the ongoing development of the Kunzvi Water Supply Project and the National Matabeleland Zambezi Water Project as well as Chivhu Water Supply

Project which was commissioned on June 15, 2023. These initiatives are critical to meeting the growing water demands for irrigation, domestic and industrial use. To address this demand, we have expanded our water supply infrastructure and constructed new water treatment and distribution facilities.

Performance Review

In our pursuit of excellence, ZINWA has demonstrated notable achievements during the period under review.

- Revenue: Our inflation-adjusted annual revenue surged by 265%, reaching **ZWL\$577.1 billion** in 2023, compared to **ZWL\$158.2 billion** in 2022.
- Revenue Collection: Total debtors increased to **ZWL\$219.7 billion**, a rise of 225% from the previous year amount of **ZWL \$67.7 billion**. To enhance revenue collection, we installed 27,620 smart prepaid meters.
- Operating Costs: Inflation-adjusted operating costs for 2023 amounted to **ZWL\$275.2 billion**, up from **ZWL\$123.4 billion** in 2022.
- Operating Profit: We achieved an inflation-adjusted operating surplus of **ZWL\$301.9 billion**, from a profit of **ZWL\$34.8 billion** in 2022.
- Clear Water Volumes: We supplied 30.6 million cubic meters of clear water, reflecting a 6.4% decrease from 32.7 million cubic meters

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

supplied in 2022. The decrease was mainly on account of load shedding, vandalism of transformers and theft of electrical cables.

- Raw Water Volumes: The total raw water volume for 2023 was 1.58 million megalitres, a slight decrease from 1.65 million megalitres in 2022.
- Infrastructure Projects: We have made remarkable strides on following projects: Gwayi Shangani, Ziminya, Kunzvi and Vungu.
- Borehole Drilling: We drilled 2,570 boreholes nationwide, with a focus on equipping these boreholes to benefit local communities.
- Chivhu Dam Project was successfully commissioned by the President of Zimbabwe on June 15, 2023. This project includes a zoned earth fill dam, water supply system for the town of Chivhu, and a 120ha irrigation project.

Sustainability

ZINWA remains dedicated to a sustainable future, integrating environmental stewardship into our water management practices. We are committed to minimizing environmental impacts and ensuring the well-being of our communities. Our employee well-being initiatives, including wellness campaigns and health checks, underline our commitment to those who drive our success. We continue to align our operations with the Sustainable Development Goals (SDGs), striving to enhance livelihoods and access to water by all.

Appreciation

I extend my sincere gratitude to the Board of Directors, our esteemed shareholders, and the Government of Zimbabwe for their unwavering support and guidance. I also wish to thank our valued customers, stakeholders, and ZINWA's dedicated Management and staff for their commitment and resilience throughout the year. Your collective efforts make it possible for us to fulfil our mandate and drive positive change for our communities.

Thank you.



Eng. T. Maurikira
CHIEF EXECUTIVE OFFICER

WATER SUPPLY REPORT

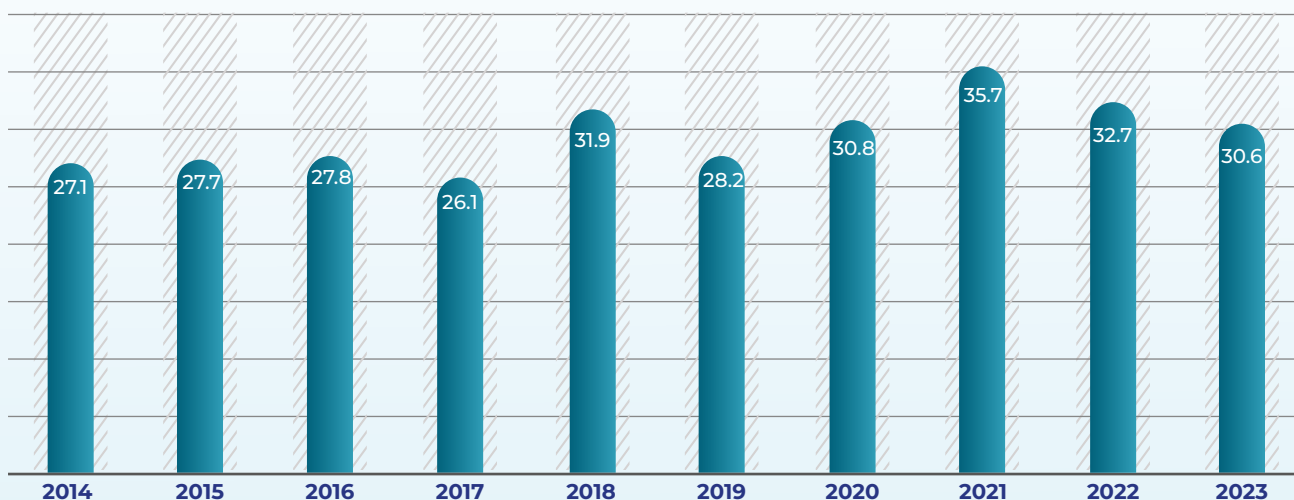
Clear water

During the year, ZINWA carried out extensive rehabilitation of major water supply infrastructure across the country to enhance the supply of clean and safe water to all our communities in small towns, growth points, and rural service centers. This exercise was augmented by drilling and rehabilitating boreholes in water-stressed areas to enhance community access to potable water.

The total volume of clear water supplied during the year was 30.6 million cubic meters, registering a 6.4% decrease from the 32.7 million cubic meters supplied in 2022. The decrease was mainly on account of load shedding, vandalism of transformers and theft of electrical cables. The cost of key inputs such as power and chemicals continued to affect the optimal production capacity of the Authority.

To mitigate the effects of power outages on water production and supply, ZINWA is proactively installing alternative power sources, including generators and solar plants. This initiative aims to ensure a more reliable and uninterrupted water supply for our communities in the future.

Annual Clear Water Sales Volumes (Million m³)



ZINWA remains committed to improving water security and ensuring that all communities have access to reliable and safe water, despite the challenges faced.

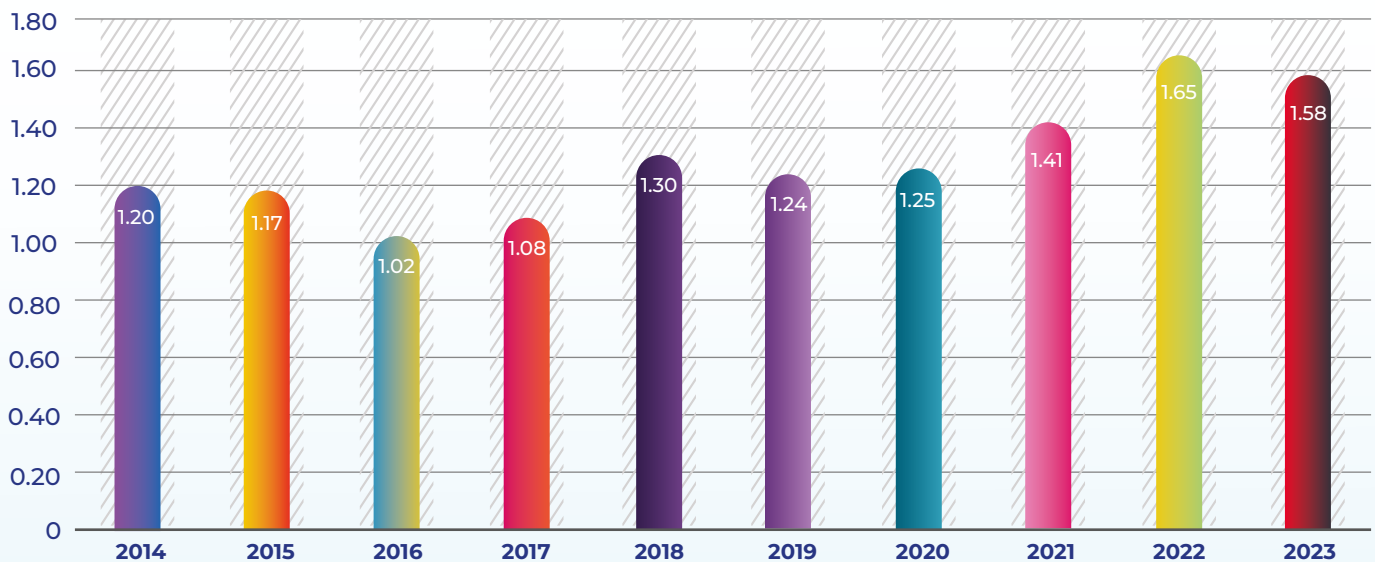


Chivhu Water Treatment Plant

WATER SUPPLY OPERATIONS REPORT (CONTINUED)

Raw water

In 2023, ZINWA's overall performance recorded a total of 1.58 million megalitres of water, slightly below the 1.65 million megalitres in 2022. This was due to an above normal 2022-2023 rainfall season which decreased raw water demand for the first quarter of 2023. The record planted winter wheat hectareage resulted in late harvesting of wheat by some farmers which subsequently led to a delayed early summer irrigation season.

Annual Raw Water Sales Volumes (Million ML)**Prepaid Meters**

The Authority engaged some contractors for the supply, installation, testing, and commissioning of 35,000 smart prepaid water meters, with 27,620 meters successfully commissioned by the end of 2023. Prepaid meters play a crucial role in improving revenue collection.

RURAL DEVELOPMENT

Significant progress was achieved in borehole drilling, equipping, and the establishment of village horticulture businesses during the year under review. A total of ZWL\$60.1 billion was allocated to rural development programs. The table below details the advancements in borehole drilling, equipping, and the establishment of village horticulture businesses for the year.

Item	Output/ Outcome	Total for 2023
1	Boreholes Drilled	2,570
2	Boreholes Equipped	986
3	Horticulture Business Units	133

The program prioritized equipping drilled boreholes to ensure communities benefit from these water sources. Borehole drilling is driven by stakeholder demand. While bush pump installation costs more than drilling and typically takes up to three days, two or more boreholes can be drilled in a single day.

Horticulture gardens are being established within Schools Business Units, Youth Business Units, and Village Business Units. These gardens operate as registered companies, with beneficiaries serving as both employees and shareholders.



Beneficiaries work at the Zunde Village Business Unit established in Mt Darwin under the Presidential Rural Development Programme



A woman celebrates with ZINWA staff after a borehole was drilled in her village under the Presidential Rural Development Programme

CORPORATE GOVERNANCE

Introduction

In the execution of its mandate, the Authority observes principles of good corporate governance. The Authority's Board is committed to upholding the tenets of good corporate governance, which include accountability, integrity and transparency in its governance processes. Compliance with legal and regulatory requirements and conformance to international best practice governance standards and guidelines forms the plinth of the Authority's Corporate Governance Architecture. The Board provides oversight and strategic direction for all the business operations, including sustainability matters within ZINWA. The Board retained this culture as part of its strategic focus and oversight duties in the period under review. ZINWA personnel are committed to a Code of Ethics which binds everyone within the Authority. There are detailed policies and procedures in place across the Authority. The Authority adheres to corporate Governance standards set out in the *Public Entities Corporate Governance Act [Chapter 10:31]*, the *Zimbabwe National Water Authority Act [Chapter 20:25]*, the *Public Finance Management Act [Chapter 22:19]* and other relevant legislation.

Directorate

In May 2023 the ZINWA Board was re-appointed for a further term of four years in line with the provisions of the *Public Entities Corporate Governance Act [Chapter 10:31]*. The Board 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 and distinct from each other. The Board Chairman is responsible for providing leadership to the Board, overseeing its efficient operation, and ensuring good corporate governance practices. The Chairman performs duties in line with the signed performance contract with the line minister. The Authority's Chief Executive Officer is responsible for the management of the Authority's day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The Chief Executive Officer is supported by the Authority's Executive Committee which he chairs at weekly meetings, where the Authority's results, performance and prospects are reviewed. At each Board meeting, the Chief Executive Officer provides a strategic update and reports on performance and future prospects in line with his performance contract with the Board. Forty percent of the Board members are female whilst sixty percent are male.

The following members served during the reporting period:

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

CORPORATE GOVERNANCE (CONTINUED)

Duties and Responsibilities of the Board

The Board is responsible for the overall conduct of the Authority's business. It is responsible for the Authority's vision and strategic direction. To achieve these goals the Board focuses on the following key areas:

- Providing stewardship of the Authority by keeping itself fully informed of major developments in the Authority and monitoring the performance of Management in meeting agreed goals and objectives;
- reviewing and approving the Authority's major investments and safeguarding the Authority's assets;
- through its various committees, monitoring and ensuring observance of high standards of governance in the Authority;
- reviewing financial, operational and compliance controls;
- reviewing risk management and ensuring prudent management thereof;
- reviewing and approving the Authority's budget and maintaining proper accounting records; and
- reviewing the integrity of the Authority's financial statements and all notices to the Shareholder and stakeholders.

Disclosure and Transparency

ZINWA adheres to key aspects of transparency and disclosure as part of its comprehensive corporate governance framework. Resolutions adopted by the Board during the year under review were duly lodged with the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development and the Corporate Governance Unit in line with the *Public Entities Corporate Governance Act [Chapter 10:31]*.

Stakeholder Engagement

The Authority appreciates the role of its stakeholders in fighting and preventing corruption regarding its business. The Authority has operationalized whistleblowing mechanisms for reporting through any of the below listed platforms:

- NetOne Toll free Number 08010227
- TelOne Toll free Number 08004518
- Net One Mobile Number 0718 354 842
- Econet Toll free Number 08080689
- Econet Mobile Number 0779 902 491
- Email Address: tipoffs@zinwa.co.zw
- Suggestion boxes installed at various offices and stations

Rights

All Board members have unrestricted access to the services of the Corporate Secretary.

Board Committees

For the effective discharge of its functions and to enhance oversight on the various areas of the Authority's operations, the Board constituted and appointed six (6) Committees which operate under clearly defined areas of responsibility and terms of reference. The Committees are as follows: Audit, Finance, Integrity, Risk Management, Remuneration & Human Resources, and Technical & Operations.

- **Audit Committee**

The Committee meets a minimum of four times a year and is made up of the following members: H. Muchena, S. Diarra, N. F. Tirivanhu, and T. Maurikira. The Committee provides oversight on the Authority's systems of disclosure, controls and procedures, information systems, internal controls over financial reporting, auditing processes and compliance with ethical standards of the Authority. Communication between the Board, executive management, internal audit, and external independent audit is encouraged. Grant Thornton remains the external auditors of the Authority and engage closely with members of the Audit Committee

CORPORATE GOVERNANCE (CONTINUED)

The Committee liaises closely with both internal and external auditors on accounting procedures and on the adequacy of controls and information systems, and reviews the financial statements, considers loss reports on major defalcations, and the effectiveness of the Authority's compliance plan.

- **Finance**

The Committee meets a minimum of four times a year and comprises the following Directors: R. Benjamin, A. Franklin, T. Mawokomatanda, B. Ndiweni, and T. Maurikira. Ms. Tirivanhu attends the Committee's meetings by invitation on account of her expertise. The Finance Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the monitoring and oversight of the Authority's financial resources, including its capital management, recovery and resolution planning processes, asset/liability management, comparing actual performance, revenues and expenses with the budget.

- **Risk Management Committee**

The Risk Management Committee held its inaugural meeting during the second quarter of the year. It is made up of the following members: S. Diarra, R. Benjamin, H. Muchena, M. Manongwa, N. Maisiri, N. F. Tirivanhu, and T. Maurikira. The Committee reviews, assesses the risk control systems and ensures that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control, which will reduce the opportunity of risk, including corporate governance non-compliance in all areas of operation in line with the requirements of the *Public Entities Corporate Governance Act [Chapter 10:31]*.

- **Integrity Committee**

The Board Integrity Committee was constituted during the 4th Quarter of the year. It comprises the following members: A. Franklin, H. Muchena, B. Ndiweni and T. Maurikira. The Committee administers and oversees the Company's ethics and compliance matters. It assesses the Authority's ethical culture and ensuring that the highest ethical standards are followed.

- **Remuneration and Human Resources Committee**

The Remuneration and Human Resources Committee comprises the following members: M. Manongwa, R. Benjamin, N. Maisiri, B. Ndiweni, and T. Maurikira. The Committee recommends to the Board remuneration levels for staff members of the Authority, establishes and administers policies for the appointment and retention of executive staff and monitors the performance management system.

- **Technical & Operations Committee**

The Committee is made up of the following members: N. Maisiri, M. Manongwa, A. Franklin, T. Mawokomatanda, B. Ndiweni, and T. Maurikira. The Committee reviews and recommends to the Board for approval water resources planning and development policies and procedures. It also facilitates appropriate stakeholder participation in water management, oversees water development projects and ensures timely delivery to beneficiaries and that water supply infrastructure is kept in operation and in a sound state.

Board Evaluation

The Authority holds annual Board and Directors evaluations as required by the *Public Entities Corporate Governance Act [Chapter 10:31]*. The process involves board members undertaking a constructive but critical review of their own performance, identifying strengths, weaknesses and implementing plans for further professional development. For the period under review, Board evaluation was conducted.

CORPORATE GOVERNANCE (CONTINUED)

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE RECORD FOR 2023

	Main Board	Remuneration and Human Resources Committee	Technical & Operations Committee	Integrity Committee*	Finance Committee	Risk Management Committee*	Audit Committee
Scheduled meetings	4	4	4	1	4	3	4
Ndiweni B.	4	4	4	1	4	n/a	n/a
Maurikira T.	3	2	2	1	3	n/a	3
Muchena H.	4	n/a	n/a	1	n/a	3	4
Diarra S.	4	n/a	n/a	n/a	n/a	2	3
Benjamin R.	4	4	n/a	n/a	4	3	n/a
Maisiri N.	2	3	4	n/a	n/a	3	n/a
Mawokomatanda T.	3	n/a	3	n/a	3	n/a	n/a
Franklin A. J.	3	n/a	3	1	4	n/a	n/a
Tirivanhu N. F.	3	n/a	n/a	n/a	4	3	3
Manongwa M.	4	4	4	n/a	n/a	3	n/a

*The Integrity and Risk Management Committees were established in 2023 and had their inaugural meetings during Q2 and Q4, respectively.

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. The Asset Declaration forms were submitted to the Corporate Governance Unit and duly filed in the office of the Company Secretary,

Board Remuneration

ZINWA's Board Remuneration Framework is in line with the *Public Entities Corporate Governance Act [Chapter 10:31]*. For the period under review, the Non-Executive Board members received remuneration based on approved retainer and sitting allowances. Directors' emoluments are disclosed in the notes to the Financial Statements.

General Policy Directions issued by the Minister

In terms of section 20 of the *Zimbabwe National Water Authority Act [Chapter 20:25]*, during the year under review, the Authority received policy direction and guidance from the Shareholder in respect of raw water pricing for purposes of encouraging irrigation agriculture and promoting food security in light of the 2023/24 Drought. This saw raw water tariffs for cereal producers being reviewed from **USD 14.35** to **USD 10:76** per megalitre.

The Authority's Annual Report and other publications are available on www.zinwa.co.zw

By order of the Board


Eng. B. Ndiweni
Chairperson



Eng. T. Maurikira
Chief Executive Officer



Mr. T. Katehwe
Corporate Secretary

Directors' Statement of Responsibility for Financial Reporting



In accordance with section 35 of the *Zimbabwe National Water Authority Act [Chapter 20:25]* and section 49 of the *Public Finance Management Act [Chapter 22:19]* the Authority's Directors are responsible for preparing financial statements for each financial year in accordance with generally accepted accounting practice. They are responsible for ensuring that complete, accurate and reliable accounting records form the basis for preparing annual financial statements. The annual financial statements include judgments and estimates that are reasonable and prudent, made by Management, reviewed and accepted by the Board.

Directors also ensure that accounting policies are appropriate to the Authority's circumstances. In order to achieve this objective, the Directors rely on the systems of internal control set up and maintained by Management. The Directors are also responsible for such internal controls as they may deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have reviewed the performance and financial position of the Authority to the date of signing of these financials and confirm that the financial statements give a true and fair view of the state of affairs of the Authority as at 31 December 2023. They have also reviewed the Authority's budget and cash flow forecast for the year to 31 December 2023. On the basis of this review and in light of the current financial position, the Directors are satisfied that ZINWA is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Authority has an Internal Audit Department which has the objective of assisting the Audit Committee in the discharge of its responsibilities, and which monitors the effectiveness of the accounting system and related internal financial controls on a continuing basis. The Internal Audit Department performs a critical examination of the financial and operating information for Management and reports its findings and recommendations to Management and the Audit Committee. In addition, the Authority's External Auditors review and test appropriate aspects of the internal financial control systems during the course of its statutory audit of the Authority's financial statements. Both internal and external auditors have unlimited access to the Audit Committee.

The Authority's Audit Committee met with the Internal and Independent External Auditors to discuss their reports which include assessments of the relative strengths and weaknesses of key control areas. In light of the Authority's size, complexity, and diversity, it may be expected that occasional breakdowns in established control procedures may occur. No breakdowns involving material loss have been reported to the Directors in respect of the period under review.

The Authority's Independent External Auditors, Grant Thornton have audited the financial statements and their report appears on pages 42 to 46.

These annual financial statements have been prepared under the supervision of Mr. J. Ncube, the Acting Finance Director.

The financial statements for the year ended 31 December 2023 which appear on pages 47 to 80 were approved by the Board of Directors on 27 September 2024 and are 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 advise that during the year ended 31 December 2023, the Authority adhered to the provisions of the *Zimbabwe National Water Authority Act [Chapter 20:25]* and the *Public Entities Corporate Governance Act [Chapter 10:31]*.

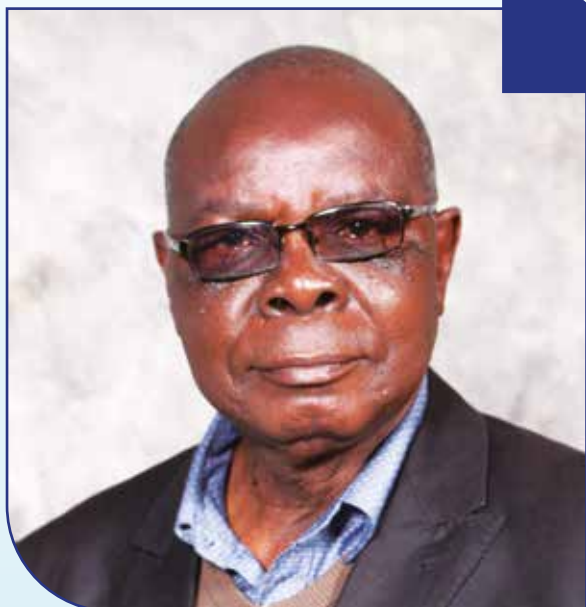
Tawanda Katehwe
Corporate Secretary

BOARD OF DIRECTORS



ENG. BONGILE NDIWENI
BOARD CHAIRMAN

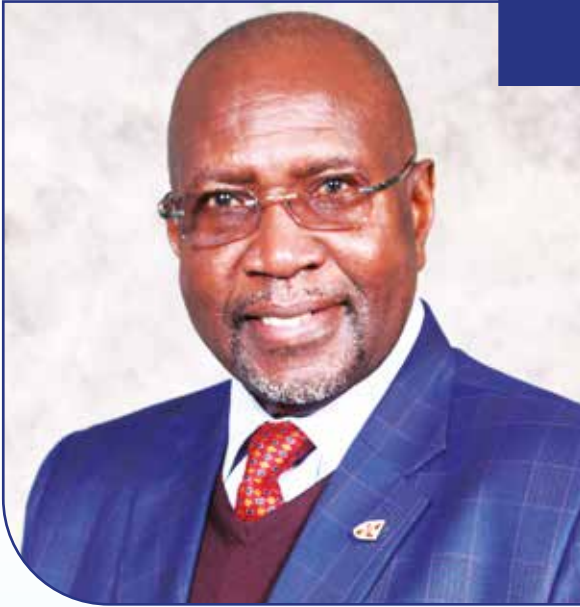
Eng. Ndiweni was appointed Non-Executive ZINWA Board Chairperson in May 2023. She is a holder of an M.Sc. in Lands and Water Resources Development from Karlsruhe Technical University (Federal Republic of Germany), an M.Sc. in Applied Hydraulic Structures from The Institute of Construction, Faculty of Hydrotechnics (Bucharest Romania, an Accounting and Finance Diploma (ACCA) and an MBA (UZ).



AIR MARSHAL HENRY MUCHENA
DEPUTY BOARD CHAIRMAN

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 Maguta/Inala under the Ministry of Agriculture. He joined the national liberation struggle in 1974 and trained at Mgagao in Tanzania. He held several appointments both in the Zimbabwe National Army and the Air Force of Zimbabwe before his retirement in 2010.

BOARD OF DIRECTORS (CONTINUED)



DR. SANZAN DIARRA
NON-EXECUTIVE DIRECTOR

Dr S. Diarra is the Chief Executive Officer of the Zimbabwe Institution of Engineers (ZIE), a post he occupies since 2007. He holds a MSc. (1978) and PhD (1987) in Civil / Structural engineering from the University of Architecture & Civil Engineering in Sofia, Bulgaria, certificates in arbitration and mediation from the Chartered Institute of Arbitrators, UK and a certificate in logistics management from the United Nations. He is a member of the Audit Committee.



DR. REMEMBER BENJAMIN
NON-EXECUTIVE DIRECTOR

Dr. Benjamin is a Senior Law Officer within the Attorney General's Office. He holds a Doctor of Laws, Master of Laws, and Bachelor of Laws. He also holds a certificate in prosecution and a certificate of diligence from the International Criminal Court. He is a Non Executive Director and chairs the Finance & Risk Committee.

BOARD OF DIRECTORS (CONTINUED)



MRS. MAUD MANONGWA
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. She served the Mazowe Rural District Council as a Councillor for a period of ten (10) years. She is also the former Chairperson of the Upper Mazowe Sub Catchment Council.



ENG. NORMAN MAISIRI
NON-EXECUTIVE DIRECTOR

Eng. Norman Maisiri is a Qualified and experienced Agriculturalist, Agriculture and Water Engineer with 21 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 Water Resources Engineering and Management, a BSc Honours in Agricultural Engineering, a Higher Certificate in marketing management, a Certificate in Integrated Agriculture, and an MBA from Great Zimbabwe University. He chairs the Technical and Operations Committee.

BOARD OF DIRECTORS (CONTINUED)



MS NYARADZO F. 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 a Honors Bachelor of Accounting Science degree and Bachelor of Accounting Science degree. She is a Non Executive Director and a member of the Audit and Risk Committees.



MR. ALAN J. FRANKLIN
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.

BOARD OF DIRECTORS (CONTINUED)



MS. TATENDA MAOKOMATANDA
NON-EXECUTIVE DIRECTOR

Ms. Maokomatanda was appointed to the ZINWA Board on 8 July 2021. She 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 and mandated to produce strategic plans for the sustainable utilization of the Country's Water Resource.

She is a holder of a MSC degree in Water management specialized in Water Resources Management, and a Bachelor of Engineering Honours Degree in Civil and Water Engineering from IHE Delft Institute for Water Education and National University of Science and Technology (Netherlands), with thirteen years working experience. 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.

She has also undergone trainings on Result based management, Customer care and Public relations, Construction Site Management, Transformation, Formulation of Environmental Management Plans, detailed project report preparation of water resources projects, Agricultural Irrigation Water Management and Dam Safety.

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 Engineer, a Gazetted Large Dams Engineer and Secretary for the Zimbabwe Committee of Large Dams. He was appointed Chief Executive Officer in 2020.



ENG. WADDILOVE MANDIZIBA
DIRECTOR, WATER SUPPLY SERVICES AND
RURAL DEVELOPMENT

Eng. W. Mandiziba was appointed Director, Water Supply Services and Rural Development in 2023. In 2022, he was appointed Director, Irrigation & Rural Development for ZINWA after having served in an acting role for the same directorate since 2021. Prior to his appointments as Director, Eng Mandiziba worked in various capacities since joining ZINWA IN 2009 including projects and Planning Engineer, Water Supplies Manager, Chief Engineer for special projects and Chief Engineer in the CEO's office.

EXECUTIVE COMMITTEE (CONTINUED)

**ENG. ALBERT MARE**

DIRECTOR, IRRIGATION
DEVELOPMENT AND COMMERCIAL
SERVICES

Eng. A. Mare was appointed Director Irrigation and Commercial Services in 2023. Prior to the appointment, he was Director, Water Supply Operations since 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 29 years' experience in water resources engineering, management and planning.

**ENG. TAKUDZA MAKWANGUDZE**

DIRECTOR, ENGINEERING &
HYDROLOGICAL SERVICES

Eng. T. 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 Director for Engineering and Hydrological Services. Prior to his appointment, Director Takudza worked under the Special Projects section as a Project Manager, which saw him managing 4 sub projects (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.

EXECUTIVE COMMITTEE (CONTINUED)



MR. JAMES NCUBE
ACTING FINANCE DIRECTOR

Mr. J. Ncube is a certified Chartered Accountant of over 20 years' experience and a member of Association of Chartered Accountants (ACCA), the Institute of Chartered Secretaries and Administrators (ACIS), and a Registered Public Accountant in Zimbabwe (RPAccZ). He joined ZINWA in 2004 holding the position of a Credit Controller and he rose through the ranks of a Bookkeeper, Catchment Accountant, Financial Accountant before his appointment to the Acting Finance Director in April 2023.



MR. MARTIN TAKAWIRA KWEZA
HUMAN RESOURCES MANAGER

Mr. M.T. Kweza holds an MBA (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.

EXECUTIVE COMMITTEE (CONTINUED)

**MRS. M. MUNYONGA**CORPORATE COMMUNICATIONS
AND MARKETING MANAGER

Mrs Munyonga holds a Master of Science in Strategy Management from Chinhoyi University (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

He 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 19 years' experience in the legal services sector having worked for the Government of Zimbabwe as a Judicial Officer, in private legal practice, and as in-house counsel for companies within Zimbabwe's telecommunications and hospitality sectors. He joined ZINWA in November 2015 as a Legal Officer and was promoted to Corporate Secretary and Legal Advisor in April 2020.

STAKEHOLDER MANAGEMENT

Management approach

ZINWA values the importance of stakeholder engagement as an integral part of its business operations. The Authority believes and acknowledges that understanding the needs and interests of all stakeholders is fundamental to the delivery of its mandate and the realisation of its vision to have safe and affordable water security by 2030.

Stakeholder	Material Issue	ZINWA's response
Government of Zimbabwe	Water security Need for reliable and clean water supply in urban towns and rural areas. Water security for food security	• ZINWA continues to undertake extensive rehabilitation of water supply stations in small towns and growth points. • The Authority also drilling and rehabilitating boreholes in rural areas across the country • ZINWA, as the sole Government engineer on water projects, is also constructing several dam projects namely Bindura, Semwa, Gwayi-Shangani, Tuli- Manyange and Kunzvi Dam, among other water infrastructure projects.
	Water as a socio-economic enabler ZINWA has adopted a new paradigm shift where the dam is no longer the project but an anchor component of a broader project scope that include irrigation, potable water supply, fisheries and power generation.	• ZINWA is one of the implementing agencies of the Government's Rural Development 8.0 programme through the drilling, equipping and establishment of the 35 000 village business units throughout the country. • ZINWA is also undertaking irrigation infrastructure development projects as well as rehabilitating and revitalising some of the existing irrigation schemes such as Bulawayo Kraal.
	Corporate Governance Observance and compliance with corporate governance statutes	• ZINWA endeavours to comply with all the statutes that govern its operations. Constant engagements with regulators and other relevant agencies are being conducted on an ongoing basis.
	Supporting Government in socio-economic development efforts.	• ZINWA strives to ensure that all sectors of the economy have sustainable access to water and continues to engage all stakeholders on the availability and affordability of the resource as well as possible areas of cooperation and partnerships.
Employees	A safe and conducive working environment allowing for professional and personal growth	• Continuous engagement with employees through the National Employment Council is on-going and amicable solutions have been implemented. • Professional enrichment of employees through training programmes and sessions. • ZINWA is also cultivating a culture of openness and accessibility by employees

STAKEHOLDER MAPNAGEMENT (CONTINUED)

Stakeholder	Material Issue	ZINWA's response
Community	Community development support	The Authority continues to support communities through the provision of water and access to water through the Presidential Rural Development Programme which seeks radically transform rural communities into active economic participants.
Customers	Clear Water Clients Reliable, convenient, affordable and high-quality water solutions	- Continuous customer engagement is on- going to ensure quality customer experience and service delivery. - ZINWA is also in the process of implementing pre-paid water meters aimed at bringing added convenience to clients. - Through the Project Management Unit, ZINWA is carrying out an intensive station rehabilitation programme to ensure efficient water supply.
Media	Water security information The media requires openness and transparency in the Authority's business and on the progress the various dam construction projects.	Engagement with the media is on-going. ZINWA engages in regular dialogue and interaction with the media using various platforms and methods



Board members Eng Norman Maisiri, Ms Tatenda Maokomatanda and Mrs Maud Manongwa follow proceedings during the 2023 Annual Irrigation Stakeholders' Indaba



Chief Executive Officer, Eng Taurayi Maurikira greets stakeholders at the ZINWA 2023 Annual Irrigation Stakeholders' Indaba

WATER INFRASTRUCTURE PROJECTS

The Zimbabwe National Water Authority continued to implement Government funded water infrastructure projects for the year 2023 as illustrated in the table below. Significant progress was noted on four (4) main projects which included Gwayi Shangani, Ziminyanya, Kunzvi and Vungu. These projects received substantial disbursements from Treasury. The year closed with all the dam sites on annual shutdowns.

Project	Location	Scope	Use	Progress as at Dec 2023
Bindura Dam	Mazowe River, Bindura District, Mashonaland Central.	Construction of a 44m high conventional earth fill dam with capacity of 100 x 106m ³ and a 150m long masonry spillway.	Water supply and irrigation	38%
Dande Dam and Tunnel	Dande River at the boundary of Guruve and Mbire Districts, Mashonaland Central	Construction of a 45m high Zoned Earth fill dam with capacity of 160 x 106m ³ ; a transfer weir and a Conveyance tunnel, 1.7m in diameter and 7,300m long. The scope also includes irrigation development.	Water supply and irrigation	Dam-20% Tunnel-20%
Defe Dopota Dam	Gadzi River, Gokwe District, Midlands	Construction of zoned earth fill dam of capacity 18.2 million cubic meters, length 650m, and spillway length of 100m. The scope also includes water supply and irrigation development.	Water supply and irrigation	4.2%
Gwayi Shangani Dam	Confluence of the Gwayi and Shangani Rivers, Hwange District, Matebeleland North	Construction of a 72m high Roller Compacted Concrete dam with a capacity of 634x10 ⁶ m ³ ; a 10MW Hydro Power Station and a raw water pump station. The scope also includes irrigation development.	Water supply, power generation and irrigation	70.2%



Water infrastructure projects

WATER INFRASTRUCTURE PROJECTS (CONTINUED)

Project	Location	Scope	Use	Progress as at Dec 2023
Gwayi Shangani Bulawayo Pipeline	Hwange/Lupane/Umguza Districts, Matebeleland North Hwange District,	Construction of 252km x 1400mm GRP pipeline and Construction of 5 raw water pump stations. The scope also includes irrigation development along the pipeline.	Provision of raw water to Bulawayo City and irrigation.	7%
Gwayi Shangani Treatment Plant	Matebeleland North	Construction of 2x315000 cubic metre raw water reservoirs; Construction of 10km x 700mm GRP pipeline and 10,000 cubic metre/hour treatment plant.	Provision potable water to the City of Bulawayo.	0%
Kunzvi Dam	Confluence of Nora and Nyagui River, Goromonzi District, Mashonaland East	Construction of a zoned earth fill embankment of length 2600m and height of 48,2m having capacity of 158.4 x 106m ³ ; raw water pumphouse and Conveyance System. The scope also includes irrigation development.	Water supply and irrigation	45%
Kunzvi Harare Pipeline	Goromonzi District, Mashonaland East	Construction of 33km x 1200mm GRP pipeline; a 10km x 1100mm GRP pipeline; a 20 000m ³ water balancing reservoir and a booster pump station .	Water Supply to City of Harare	1%
Kunzvi Harare Treatment Plant	Goromonzi District, Mashonaland East	i) Construction of a 235ML/day water treatment plant ii) Construction of and clear water pump house.	Water Supply to City of Harare	1%
Mbada Dam	Musengezi River, Centenary District, Mashonaland Central.	Construction of a 70m high double curvature concrete dam with capacity 140 million cubic metres and a drop inlet spillway. The scope also includes irrigation development and construction of a min hydro.	Water supply, power generation and irrigation	13%
Muchekeranwa Wenimbi Pipeline	Marondera District, Mashonaland East	Construction of 26km x 600mm GRP pipeline and 2 Booster Pump stations.	Water Supply to City of Marondera	1%
Semwa Dam	Ruya River, Rushinga District, Mashonaland Central.	Construction of a roller compacted concrete dam with a capacity of 260 x106 m3, development of a water supply system; irrigation and a minihydro.	Water supply, power generation and irrigation	32%
Tuli Manyange Dam	Thuli River, Gwanda District, Matebeland south	Construction of a 180 long and 30m high concrete arch dam with a capacity of 33 million m3 of water; a mini hydro power plant and irrigation.	Water Supply, power generation and Irrigation	34%
Vungu Dam	Vungu River, Silobela District, Midlands Province	Construction of an earthfill dam with a capacity of 108 million cubic meters; water supply system and development of irrigation works.	Water Supply and Irrigation	14.2%
Ziminya Dam	Shangani River, Nkayi District, Matebeleland	Construction of an earthfill dam with a capacity of 94 million cubic meters;a water supply system and irrigation works development.	Water Supply and Irrigation	28.5%

BUSINESS DEVELOPMENT INITIATIVES



Kumakomo Beverages

To generate additional revenue streams, ZINWA operates Kumakomo Beverages, specializing in the production and sale of Kumakomo brand bottled water and battery water. During the year, production capacity increased significantly from an average of 66,000 to 100,000 bottles per month. Through various market penetration strategies, Kumakomo has become a recognized brand in the water and beverage industry, particularly in high-temperature regions such as the Lowveld and Beitbridge area.

ZINWA School of Excellence (ZSE)

ZINWA School of Excellence is in the process of registering a training school with the Masvingo Rural District Council and the Zimbabwe Tourism Authority (ZTA) at Tugwi Mukosi Dam. ZINWA School of Excellency has a conference center and accommodation facilities which accomodate up to 60 guests.

Eco Tourism

ZINWA actively engages in ecotourism activities at various dam sites nationwide. We are also planning to establish lakeshores at Tugwi Mukosi and Chivhu Dams, initiate fish farming projects, and form Public-Private Partnerships (PPPs) for water-related initiatives.

LAKE SHORE LEASING OPPORTUNITIES AVAILABLE

Business Opportunities For:

- Caged fishery
- Conference facilities
- Nature reserves and gardens
- Golf courses and boating
- Hotels, lodges, guest houses, chalets, and cluster houses
- Entertainment facilities, such as wedding venues and outdoor barbeque
- Camping facilities (schools, churches and institutions) including short-term gatherings



For More Information Contact

ZINWA: +263 8688 002390 | info@zinwa.co.zw

HUMAN CAPITAL MANAGEMENT

Staff complement

The total staff complement for the Authority in the year 2023 was 2611 as compared to 2417 in 2022. The table below gives the gender breakdown of employees by category.

Sex	Executive Employees	Managerial Employees	Non-Managerial	Contracts P/Timers Students	Grand Total
Male	15	120	1192	1056	2383
Female	3	36	158	31	228
Total	18	156	1350	1087	2611

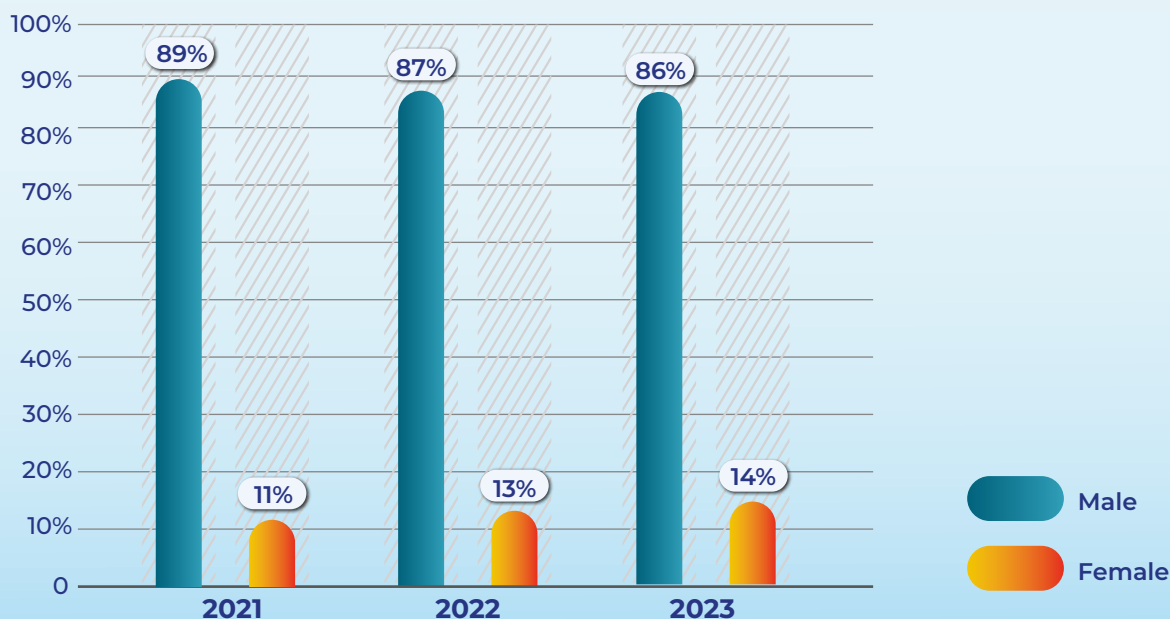
Labour Turnover

In 2023, overall employee separations decreased by 19%, with a total of 59 separations compared to 73 in 2022. There was a total of 253 recruitments which included permanent workers, long term contract workers, part-time workers as well as students on attachment. The table below summarizes the specific reasons for separations in both years.

Period	SEPARATION REASON				Total Separations
	Death	Retirement	Resignation	Discharge	
2023	8	24	22	5	59
2022	3	20	37	13	73

Gender Outlook

The Authority continue to improve the gender balance within its ranks. In 2021, the male to female ratio was 89% to 11%, 87% to 13% in 2022 and 86% to 14% in 2023.



HUMAN CAPITAL MANAGEMENT (CONTINUED)

Employee Satisfaction and Work Environment Survey

An employee satisfaction and work environment survey was conducted to assess employee contentment with their roles and work environment.

1. PAY:	Employee satisfaction with the amount of pay and pay policies.
2. PROMOTION	Perceptions of promotional opportunities.
3. SUPERVISION	Effectiveness of supervision.
4. BENEFITS	Satisfaction with the benefits offered by the organization.
5. CO-WORKER	Enjoyment of working with colleagues.
6. NATURE OF TASKS	Satisfaction with the tasks performed in the job.
7. COMMUNICATION	Openness and effectiveness of communication between the organization and employees, and from supervisors to employees.

The survey results indicate that the pay dimension receive the lowest rating of 39.43%, highlighting dissatisfaction with current remuneration levels. Overall, the survey concluded that ZINWA has an Employee Satisfaction Index of 55.93%.

The ratings for the other dimensions are as follows, in ascending order:

- Promotion: 52.29%
- Communication: 53.29%
- Nature of Tasks: 66.01%
- Supervision: 67.06%
- Co-worker: 70.95%

Performance Incentive Structure

The performance incentive structure which was developed in the last quarter of 2022 was operationalised in the 2023. Employees who demonstrated exceptional performance were rewarded for their outstanding contributions. Notably, 255 employees from across the organisation were rewarded for their outstanding performance.

Occupational Health and Safety

Several initiatives were implemented throughout the year to promote the wellbeing of employees.

- **Wellness Programs:-** Five general wellness programs were conducted for all staff, and a special ladies' wellness program was held in conjunction with Women's Day commemorations.
- **Training:-** Training sessions were organized for first aiders and several employees were trained as HIV/AIDS peer educators.
- **Safety Measures:-** Hazard identifications and risk assessments were carried out, with recommendations made for corrective actions.
- **Awareness Campaigns:-** The Authority conducted campaigns on gender equality, inclusive practices and sexual harassment.

Accidents were recorded in few workstations throughout the Authority, notably in the workshops as well as drilling crews.

Additionally, an industrial clinic was established in Harare.



COMMUNITIES AND CORPORATE SOCIAL INVESTMENT

The improvement of livelihoods and creation of shared value for all stakeholders remains a guiding principle for the Authority's business approach. The Authority invested in various social activities throughout the year in line with the Corporate Social Responsibility Policy.



His Excellency the President, Dr Emmerson Mnangagwa hands over a one-year free water certificate to one of vulnerable families.

COMMUNITIES AND CORPORATE SOCIAL INVESTMENT (CONTINUED)

Sustainable Development

The Authority has established an effective framework to promote sustainable development, focused on addressing economic, social, and environmental issues guided by the United Nations Sustainable Development Goals (SDGs).

While delivering its statutory mandate in water development and management, The Authority is committed to playing its role in the attainment of SDGs, supporting government, and working with other stakeholders to develop and build thriving economies. The SDGs support ZINWA's corporate and social investment framework and operational and environmental management efforts in a manner which seeks to create value for stakeholders. The focus is on improving livelihoods by contributing to improved access to water which enhances the well-being of our stakeholders.

The table below summarizes some of the SDGs in relation to ZINWA's socio-economic development programmes.

PROGRAMME	ACTIVITIES UNDERTAKEN	REFERENCE SDG
Dam projects	• Provided water security for economic development in sectors such as agriculture, energy and mining. • Constructed and commissioned Chivhu Dam, Water Supply and Irrigation Scheme.	1, 2, 9, 11, 13, 17
Irrigation Development	• Development and rehabilitation of irrigation infrastructure to enhance communities' resilience	1, 2, 9, 13
Water Supply Services	• Supplied water to irrigating farmers from ZINWA's dams across the country. • Supplied portable water to cities, towns and communities in the country. • Rehabilitated water supply infrastructure in Filabusi, Manoti and Buffalo Range.	3, 6, 11, 12
Fighting corruption	• Strengthened the capacity of the Integrity Committee and the Audit function, focusing on preventing corruption within the Authority's operations	8, 17
Human Capital Development	• Sponsored 17 university students under the cadetship programme. • Supported university students through work-based learning programmes. • Conducted an employee satisfaction and work environment survey to assess employee contentment with their roles and work environment. • Conducted campaigns on gender equality, inclusive practices, and sexual harassment	3, 4, 5, 8
Occupational health and safety	• General wellness programs were conducted for all staff across the Country. • Trained employees as HIV/AIDS peer educators. • Established an industrial clinic	3, 5

COMMUNITIES AND CORPORATE SOCIAL INVESTMENT (CONTINUED)

PROGRAMME	ACTIVITIES UNDERTAKEN	REFERENCE SDG
Rural Development	- Established community water schemes and Village Business Units under the Presidential Rural Development Programme. - Drilled and equipped boreholes for community health facilities under the Presidential Rural Development Programme. - Drilled and rehabilitated boreholes in water stressed areas of Zimbabwe.	1, 2, 6, 8, 9, 11
Corporate Social Responsibility	- Drilled and equipped a borehole at Zhombe (Chitekete) hospital in Gokwe. - Donated groceries, foodstuffs and blankets to Ngomahuru Psychiatric Hospital in Masvingo, Dete Old People's Home, Kuda Vana Children's Home and Filabusi Prison. - Donated sanitary wear to girls in 10 rural schools selected by Provincial Education Directors.	1, 2, 3, 4, 5,6

Awards for the Year

In the past year, the Authority has been honored with several prestigious awards, recognizing the Authority's commitment to excellence, transparency, and impactful infrastructure development. These accolades reflect the Authority's dedication to enhancing public sector performance and its ongoing efforts to contribute positively to the community.



Golden Key Award for Most Transparent Public Sector Organization, awarded by the Media Institute of Southern Africa, highlights the Authority's unwavering commitment to transparency and accountability in all our operations.



Public Sector Management Award for Most Improved Institution acknowledges the Authority's significant progress and improvements in public sector management practices.



Public Infrastructure of the Year Award for the Gwayi-Shangani project, presented by the Chartered Institute of Project Management Zimbabwe, celebrates the Authority's achievements in developing outstanding public infrastructure.



Project-Focused CEO Award, also from the Chartered Institute of Project Management Zimbabwe recognizes the Authority's leadership's strategic vision and effective management in delivering successful projects.

These awards did not only affirm the Authority's dedication to its mission but also inspire continued excellence and innovation in its pursuit of sustainable development and community well-being.



The Public Entities and Corporate Governance Act (Chapter 10:31) mandates the Authority to undertake Enterprise Risk Management functions to ensure the Authority maintains its going concern status. The Board of Directors has identified the following key risk factors that could materially and adversely impact the Authority's operations.

Pandemics Risk

While the threat of COVID-19 diminished during the reporting period, a Cholera outbreak emerged as a significant challenge. The Authority mitigated this risk by maintaining minimal disruptions in potable water supply through adequate stocks of chemicals and spares, quick response to breakdowns, and strengthened water quality monitoring. Efforts also included drilling and equipping boreholes with solar and hand pumps nationwide and collaborating with government entities and partners to combat Cholera.

Inflation Risk

General price increases during the reporting period impacted customers' ability to pay for water supply services, resulting in a loss of revenue value. The Authority addressed this by improving operational efficiencies, reducing costs, and implementing tariff increases to align with input price movements.

Operational Risk

Operational risks arise from the Authority's functional activities at all organizational levels. To enhance efficiency, the Authority strengthened its decentralized Service Centres, although resource constraints and power outages posed challenges. A 24-hour operation at water supply stations was adopted to maximize available power.

Liquidity Risk

Liquidity risk involves the Authority's ability to meet its financial obligations. To address this, the Authority reduced expenditures and improved cash flow management, resulting in a significant increase in the current ratio from 0,7:1 in the first quarter to 3:1 in the fourth quarter.

Reputational Risk

Reputational risk was manifested through customer and stakeholder complaints related to service delivery. To mitigate this, the Authority enhanced engagement through the Call Centre, Customer Focal Persons at stations, and social media platforms, facilitating valuable feedback through customer and employees satisfaction surveys.

Credit Risk

Credit risk arose from customers failing to pay for services. In response, the Authority installed prepaid meters, adopted instant billing at stations, and conducted revenue collection blitz operations. Despite challenges with unreliable network availability, prompt responses to prepaid meter issues were ensured.

Environmental Risk

Environmental risks included threats from floods and environmental degradation. The Authority continued to implement its disaster management strategy to protect infrastructure and public safety, supported by modernization of hydrometric stations for flood monitoring and stakeholder engagement on environmental issues, particularly related to alluvial gold mining.

RISK MANAGEMENT (CONTINUED)

Information Technology Risk

Information technology risks involve potential failures in hardware, software, human errors, and cybersecurity threats. The Authority invested in IT hardware and software, trained personnel, and maintained regular backups of critical information to safeguard against data loss.

Business Growth Risk

Business growth risk presents opportunities to enhance revenue through effective asset management. The Commercial Department was further developed to explore new revenue streams, with increased revenue from lake shore leases during the reporting period.



Compliance with the Public Entities and Corporate Governance Act (Chap 10:31)

The Internal Audit function at ZINWA serves as an independent control mechanism, crucial for enhancing corporate governance, enterprise risk management, and control systems, while safeguarding the Authority's assets and reputation. This function is responsible for evaluating whether significant risks are properly identified and reported by Management and ensuring that controls are effectively managed.

Internal Audit derives its mandate from the Public Entities Corporate Governance Act, and Public Finance Management Act (Chap 22:19). The function's purpose, authority, and responsibilities are outlined in a formal Internal Audit Charter. The Head of Internal Audit reports directly to the Chairman of the Audit Committee and administratively to the Chief Executive Officer.

During the reporting period, the Internal Audit function reviewed the control environment and provided recommendations aimed at enhancing business processes, systems, and controls. Progress on implementing these recommendations and action plans is continuously monitored by Internal Audit, with follow-up status reports presented to the Audit Committee of the Board. The Head of Internal Audit participated in all Executive Committee meetings and Audit Committee meetings, ensuring that all reports issued to Management were also reviewed by the Audit Committee.

Combined Assurance

The Authority employs a combined assurance approach to monitor its risk and control environment. This approach involves collaboration with other assurance service providers, including the Risk Management Function, Quality Assurance, and External Auditors. Internal Audit coordinated with these other parties throughout the year to ensure a comprehensive review of the internal control environment and to minimize duplication of efforts.

Environmental, Social, and Governance (ESG) Reporting

Internal Audit assessed compliance with Environmental, Social, and Governance (ESG) reporting requirements.

- **Environment:** Metrics for responsible environmental management are essential given that ZINWA's core business involves managing water, a critical natural resource increasingly affected by climate change and drought. Effective water management practices include minimizing pollution, reducing non-revenue water during production, and recycling wastewater to support sustainable water management and address water scarcity.
- **Social:** Metrics related to labor standards, diversity, equity, and inclusion are necessary to evaluate the Authority's performance on social aspects. These metrics should be specified to ensure comprehensive measurement and improvement in social performance.

RESPONSIBILITY STATEMENT



Responsibilities of Management and Those Charged with Governance for the Inflation Adjusted Annual Financial Statements for the year ended 31 December 2023

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 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 2023 which are set out on pages 47 to 80 were, in accordance with their responsibilities, approved by the Board of Directors on 27 September 2024 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



Zimbabwe National Water Authority
Annual Financial Statements
31 December 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Zimbabwe National Water Authority

Report on the Audit of the Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Zimbabwe National Water Authority as set out on pages 47 to 80, which comprise the inflation adjusted statement of financial position as at 31 December 2023, 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 2023, 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 2023, the Authority recorded revenue from clear and raw water amounting to ZWL 545 931 471 468 (2022: ZWL 142 603 108 441). We noted missing invoices as well as duplicate invoice numbers in the Authority's sales invoice listing for clear and raw water. There were no satisfactory auditing procedures that we could perform to obtain reasonable assurance that all clear and raw water sales and corresponding trade receivables were properly recorded. We were unable to satisfy ourselves as to the completeness and accuracy of the accounting records relating to clear and raw water sales. Consequently, we could not determine whether any adjustments relating to revenue and the corresponding trade receivables in the financial statements were necessary.

Impact of unreconciled variances on trade payables, inventory, cash and cash equivalents and non-compliance with International Financial Reporting Standard (IFRS) 16 – Leases on prior year audited financial statements and the carry over effects in the current year

An adverse opinion was issued on the financial statements for the year ended 31 December 2022. The adverse opinion was issued with respect to the unreconciled variances on trade payables, inventory, cash and cash equivalents and non-compliance with International Financial Reporting Standard (IFRS) 16 – Leases. Management has not restated the opening balances for trade receivables, trade payables, inventory, cash and cash equivalents, right of use assets and lease liabilities to resolve the matters which resulted in the adverse audit opinion in the prior period in accordance with the requirements of the International Accounting Standard (IAS) 8- Accounting Policies, Changes in Accounting Estimates and Errors. As no retrospective adjustments in terms of the International Accounting Standard (IAS) 8- Accounting Policies, Changes in Accounting Estimates and Errors have been made, the corresponding amounts for trade payables, inventory, cash and cash equivalents, right of use assets and lease liabilities on the statement of financial position and costs of production, depreciation, net finance income and, administration expenses on the statement of profit or loss and other comprehensive income are materially misstated. Our audit opinion is therefore modified due to the possible impact of this matter on comparability of the prior year and current year amounts.

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 Authority 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.

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 2023, the work in progress for dam construction was valued at ZWL 8 359 800 640 874. - 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.

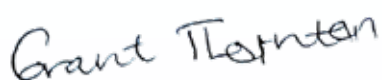
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

11 October
..... 2024

ANNUAL FINANCIAL STATEMENTS



Statement of Financial Position

As at 31 December 2023

		Inflation adjusted		Historical cost	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
ASSETS					
Non current assets					
Property, plant and equipment	5	13 232 828 249 602	8 093 352 309 094	3 815 978 749 309	284 030 363 232
Right of use asset	6	563 293 936	76 673 615	114 983 973	3 356 942
Investment property	7	10 774 467 000	349 678 941	10 774 467 000	2 979 875
Intangible assets	8	18 532 747	18 649 086	410 885	455 239
Investments	9	29 580 329	437 467	29 580 329	91 037
Other receivables	10	149 945 120 911	-	149 945 120 911	-
		13 394 159 244 525	8 093 797 748 203	3 976 843 312 407	284 037 246 325
Current assets					
Inventories	11	2 213 068 095	1 855 893 645	2 061 122 857	193 492 132
Trade and other receivables	12	162 455 343 131	54 859 628 550	162 455 343 131	11 416 307 069
Other receivables	10	5 442 040 831 579	-	5 442 040 831 579	-
Cash and cash equivalents	13	12 716 737 405	10 689 505 435	12 716 737 405	2 224 489 660
		5 619 425 980 210	67 405 027 630	5 619 274 034 972	13 834 288 861
Total assets		19 013 585 224 735	8 161 202 775 833	9 596 117 347 379	297 871 535 186
EQUITY AND LIABILITIES					
Equity					
Retained earnings		2 469 493 550 746	5 589 103 472 264	114 113 257 833	5 921 080 000
Non distributable reserve		6 758 538 645	6 758 538 645	1 421 550 551	1 421 550 551
Revaluation reserve		186 768 225 096	186 787 404 967	39 280 432 063	39 287 744 347
Government equity contribution	15	10 670 802 429 055	1 431 402 998 793	3 761 539 625 739	54 138 853 012
		13 333 822 743 542	7 214 052 414 669	3 916 354 866 186	100 769 227 910
Non current liabilities					
Lease liability	6.1	41 274 867	187 682 673	41 274 867	39 056 827
Retention creditors	17	355 277 770	78 724 808	355 277 770	16 382 659
		149 945 120 911	13 107 438 282	149 945 120 911	2 727 662 295
		150 341 673 548	13 373 845 763	150 341 673 548	2 783 101 781
Current liabilities					
Trade and other payables	19	86 653 344 437	126 600 321 887	86 653 344 437	26 345 569 372
Construction liabilities	18	5 442 040 831 579	807 145 144 745	5 442 040 831 579	167 967 174 864
Lease liability	6.1	726 631 629	31 048 769	726 631 629	6 461 259
		5 529 420 807 645	933 776 515 401	5 529 420 807 645	194 319 205 495
Total equity and liabilities		19 013 585 224 735	8 161 202 775 833	9 596 117 347 379	297 871 535 186

Eng. T. Maurikira
Chief Executive Officer

Eng. B. Ndiweni
Chairperson

ANNUAL FINANCIAL STATEMENTS



Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

		Inflation adjusted		Historical cost	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
Revenue and other income					
Clear and raw water sales	20	545 931 471 468	142 603 108 441	312 512 636 367	22 546 822 536
Sewerage fees		224 800 812	23 274 224	78 105 383	12 893 254
Fees from other services	21	23 364 931 233	9 238 293 946	12 322 954 561	1 058 585 581
Other income	22	7 574 613 028	6 294 292 601	5 319 410 532	720 092 185
		<u>577 095 816 541</u>	<u>158 158 969 212</u>	<u>330 233 106 843</u>	<u>24 338 393 556</u>
Expenses					
Staff costs	23	115 877 051 359	61 018 833 596	72 849 647 849	9 358 487 435
Repairs and maintenance		19 570 189 512	2 073 839 775	12 824 286 570	1 286 546 877
Cost of production	24	80 629 925 655	35 113 701 261	50 998 496 717	4 023 563 015
Administration expenses	25	59 133 555 554	25 180 533 803	34 601 428 975	2 951 980 414
		<u>275 210 722 080</u>	<u>123 386 908 435</u>	<u>171 273 860 111</u>	<u>17 620 577 741</u>
Operating profit before depreciation, amortisation and credit losses allowances		301 885 094 461	34 772 060 777	158 959 246 732	6 717 815 815
Net monetary (loss)/gain		(3 373 983 289 082)	5 557 962 042 784	-	-
Net financing income	26	14 587 169 203	4 267 519 270	10 328 793 265	615 141 368
Amortisation	8	(116 339)	(8 299 852)	(44 354)	(44 354)
Depreciation of investment property	7	-	(9 063 480)	-	(31 875)
Fair value adjustment of investment property	7	10 771 487 125	-	10 771 487 125	-
Depreciation of property, plant and equipment	5	(1 090 636 090)	(1 212 746 075)	(415 802 634)	(164 855 405)
Depreciation of right-of-use asset	6	(418 993 898)	(25 557 869)	(78 997 816)	(219 350)
Foreign exchange losses		(12 623 077 767)	(20 202 034)	(12 623 077 767)	(20 202 034)
Allowances for credit losses expense	12.2	<u>(58 756 739 002)</u>	<u>(15 712 087 796)</u>	<u>(58 756 739 002)</u>	<u>(3 138 419 646)</u>
(Loss)/profit for the year		<u>(3 119 629 101 389)</u>	<u>5 580 013 665 725</u>	<u>108 184 865 549</u>	<u>4 009 184 519</u>
Other comprehensive income for the year		-	-	-	-
Total comprehensive (loss)/income for the year		<u>(3 119 629 101 389)</u>	<u>5 580 013 665 725</u>	<u>108 184 865 549</u>	<u>4 009 184 519</u>

ANNUAL FINANCIAL STATEMENTS

Statement of Changes in Equity

for the year ended 31 December 2023

INFLATION ADJUSTED

	Retained earnings ZWL	Non Distributable reserve ZWL	Revaluation surplus ZWL	Government equity contribution ZWL	Total ZWL
Balance as at 1 January 2022	9 089 806 539	6 758 538 645	186 787 404 967	1 177 677 608 949	1 380 313 359 100
Changes in equity for the year					
Profit for the year	5 580 013 665 725	-	-	-	5 580 013 665 725
Public sector investment programme	-	-	-	253 725 389 844	253 725 389 844
Balance as at 31 December 2022	5 589 103 472 264	6 758 538 645	186 787 404 967	1 431 402 998 793	7 214 052 414 669
Changes in equity for the year					
Loss for the year	(3 119 629 101 389)	-	-	-	(3 119 629 101 389)
Reclassification of revaluation reserve on disposed assets	19 179 871	-	(19 179 871)	-	-
Public sector investment programme	-	-	-	9 239 399 430 262	9 239 399 430 262
Balance as at 31 December 2023	2 469 493 550 746	6 758 538 645	186 768 225 096	10 670 802 429 055	13 333 822 743 542

HISTORICAL COST

	Retained earnings ZWL	Non Distributable reserve ZWL	Revaluation surplus ZWL	Government equity contribution ZWL	Total ZWL
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
Changes in equity for the year					
Profit for the year	108 184 865 549	-	-	-	108 184 865 549
Reclassification of revaluation reserve on disposed assets	7 312 284	-	(7 312 284)	-	-
Public sector investment programme	-	-	-	3 707 400 772 727	3 707 400 772 727
Balance as at 31 December 2023	114 113 257 833	1 421 550 551	39 280 432 063	3 761 539 625 739	3 916 354 866 186

ANNUAL FINANCIAL STATEMENTS



Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 ZWL	Inflation adjusted 2022 ZWL	2023 ZWL	Historical cost 2022 ZWL
Cash flows from operating activities					
(Loss)/profit for the year		(3 119 629 101 389)	5 580 013 665 725	108 184 865 549	4 009 184 519
Adjustments for:					
Depreciation of property, plant and equipment	5	1 090 636 090	1 212 746 075	415 802 634	164 855 405
Depreciation of investment property	7	-	9 063 480	-	31 875
Depreciation of right of use asset	6	418 993 898	25 557 869	78 997 816	219 350
Net monetary (loss)/gain		3 373 983 289 082	(5 557 962 042 784)	-	-
Profit from disposal of property, plant and equipment	22	(563 441 199)	1 293 649 892	(563 441 199)	(148 235 067)
Amortisation of intangible assets	8	116 339	8 299 852	44 354	44 354
Fair value adjustment on investment property	7	(10 771 487 125)	-	(10 771 487 125)	-
Fair value adjustment on investments	9	(29 489 292)	12 297 760	(29 489 292)	2 559 168
Unrealised foreign exchange losses		12 623 077 767	20 202 034	12 623 077 767	20 202 034
Finance cost	26	6 713 405 418	881 901 359	3 625 487 762	127 121 630
Finance income	26	(21 300 574 621)	(5 149 420 629)	(13 954 281 027)	(742 262 998)
Working capital changes:					
Increase in inventories		(357 174 450)	(1 693 693 030)	(1 867 630 725)	(156 298 792)
Increase in trade and other receivables		(107 595 714 581)	(47 876 113 261)	(151 039 036 062)	(9 331 757 494)
Increase in other receivables		(5 591 985 952 490)	-	(5 591 985 952 490)	-
(Decrease)/increase in trade and other payables		(39 946 977 450)	123 515 619 595	60 307 775 065	25 452 646 890
Net cash generated from /(utilised in) operations		(5 497 350 394 003)	91 724 434 153	(5 584 975 266 973)	19 398 310 874
Finance cost	26	(6 713 405 418)	(881 901 359)	(3 625 487 762)	(127 121 630)
Finance income	26	21 300 574 621	5 149 420 629	13 954 281 027	742 262 998
Net cash generated from/(utilised in) operating activities		<u>(5 482 763 224 800)</u>	<u>95 991 953 423</u>	<u>(5 574 646 473 708)</u>	<u>20 013 452 242</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	5	(5 140 577 580 370)	(910 679 292 436)	(3 532 365 778 513)	(172 979 444 347)
Proceeds from sale of property and equipment		565 031 001	445 276 309	565 031 001	92 662 149
Net cash utilised in investing activities		<u>(5 140 012 549 369)</u>	<u>(910 234 016 127)</u>	<u>3 531 800 747 512)</u>	<u>(172 886 782 198)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of finance lease liabilities		(851 715 952)	-	(489 959 065)	-
Receipts from the M.O.F.		298 827 006 547	-	298 827 006 547	-
Construction liabilities paid		(298 827 006 547)	(186 393 434 147)	(298 827 006 547)	(38 788 536 053)
Retention creditors incurred		136 837 682 629	11 510 596 901	147 217 458 616	2 395 359 069
Construction liabilities incurred		4 634 895 686 834	624 682 672 300	5 561 439 389 788	153 611 922 890
Government equity contribution		8 940 572 423 715	253 725 389 844	3 408 573 766 180	37 230 086 333
Net cash generated from / (utilised in) financing activities		<u>13 711 454 077 226</u>	<u>703 525 224 898</u>	<u>9 116 740 655 519</u>	<u>154 448 832 239</u>
Increase/(decrease) in cash and cash equivalents		3 088 678 303 057	(110 716 837 806)	10 293 434 299	1 575 502 283
Cash and cash equivalents at the beginning of the year		10 689 505 435	10 689 505 435	2 224 489 660	648 987 377
Effects of foreign exchange gains and losses on cash balances		198 813 446	-	198 813 446	-
Effects of inflation on cash and cash equivalents		(3 086 849 884 533)	110 716 837 806	-	-
Cash and cash equivalents at the end of the year	13	<u>12 716 737 405</u>	<u>10 689 505 435</u>	<u>12 716 737 405</u>	<u>2 224 489 660</u>

The above statement of cash flows should be read in conjunction with accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS



For the year ended 31 December 2023

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 4.

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 4).

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.

2.2 Functional and presentation currency

In assessing the functional and presentation currency, the directors considered the factors below;

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) instructed banks to separate bank accounts into FCA Nostro (US Dollar balances (USD)) and FCA RTGS (RTGS balances (RTGS)). This resulted in the need for the Authority to reassess the functional currency of the Authority in accordance with IAS 21: The Effects of Changes in Foreign Exchange Rates. It was determined that the functional currency had changed to Real Time Gross Settlement Dollars (RTGS Dollars) with effect from 1 October 2018.

The RBZ announced that the RTGS would be recognised as an official currency and that an inter-bank foreign exchange market would be established to formalise trading in RTGS with other currencies on 20 February 2019. This further confirmed the change in functional currency of the Authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.2 Functional and presentation currency (Continued)

The Directors will continue to assess the developments in accordance with IAS 21 to determine whether there will be the need to change the functional currency in the near future.

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 2023. The following exchange rate was applied to translate foreign currency transactions and balances for the year ended 31 December 2023:

- i. Closing auction exchange rate- USD 1: ZWL 5,903.3898 (2022: ZWL 671.4466)

2.2.1 Changes in accounting policy and disclosures**(a) New standards, amendments and interpretations effective for the first time for year ended 31 December 2023 that are relevant to the Authority****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 the Authority's financial statements.

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

Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)

- The amendments to IAS 1 require reporting entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- These amendments were issued as a result of feedback received indicating that reporting entities needed more guidance when determining what accounting policy information should be disclosed.
- These amendments impact what accounting policies are disclosed which could affect investors decisions. The amendments are effective for reporting periods beginning on or after 1 January 2023.

(b) New standards, amendments and interpretations issued but not effective for 31 December 2023 year ends that are relevant to the Authority but have not been early adopted**IAS 1: Non current liabilities with covenants**

On 31 October 2022 the IASB issued amendments "Non-current liabilities with covenants" to IAS 1, 'Presentation of financial statements'. These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current on non-current.

- The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.2.1 Changes in accounting policy and disclosures (Continued)

- Therefore entities will typically continue to apply existing guidance until reporting periods beginning on or after 1 January 2024 .

IFRS 16 - Lease Liability in a Sale and Leaseback

The IASB issued "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)" with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for a sale.

The amendments are effective for reporting periods beginning on or after 1 January 2024.

IAS 21 - Lack of Exchangeability

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. The new requirements will apply from 2025, with early application.

The amendments are effective for reporting periods beginning on or after 1 January 2025 (early adoption is available).

IAS 1 - Classification of Liabilities as current or non-current

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement.

That a right to defer must exist at the end of the reporting period.

That classification is unaffected by the likelihood that an entity will exercise its deferral right.

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Authority is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation."

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.3 Segment reporting (Continued)

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.

2.4 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.

2.5 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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.5 Property, plant and equipment (Continued)**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.

2.6 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.

2.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. 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 fair value of the asset is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.8 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.

2.9 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.9 Financial instruments (Continued)

- 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'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.9 Financial instruments (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.9 Financial instruments (Continued)**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.

2.10 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.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 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.

2.13 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.

2.14 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 consideration is unconditional and only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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.

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.16 Employee benefits (Continued)

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.

3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (Continued)

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 not 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 (2022: 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 41 274 867(2022 : ZWL 39 056 827) 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	
	2023	2022	2023	2022
ASSETS	ZWL	ZWL	ZWL	ZWL
Trade and other receivables	162 455 343 131	54 859 628 550	162 455 343 131	11 416 307 069
Cash and cash equivalents	12 716 737 405	10 689 505 435	12 716 737 405	2 224 489 660
	<u>175 172 080 536</u>	<u>65 549 133 985</u>	<u>175 172 080 536</u>	<u>13 640 796 729</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (Continued)**(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	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Exposure to liquidity risk				
Long term borrowings	41 274 867	187 682 673	41 274 867	39 056 827
Retention creditors	149 945 120 911	13 107 438 282	149 945 120 911	2 727 662 295
Trade and other payables	86 653 344 437	126 600 321 887	86 653 344 437	26 345 569 372
	<u>236 639 740 215</u>	<u>139 895 442 842</u>	<u>236 639 740 215</u>	<u>29 112 288 494</u>

4 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:

Useful lives and residual values of property, plant and equipment and investment property

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.

Provision for obsolete inventory

The Authority recognizes that certain inventory items may become obsolete or may not be consumed within a reasonable period, necessitating an estimation of the inventory provision. This estimation process involves a detailed review of inventory items, particularly focusing on those that have been in stock for an extended period.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)**Inflation indices and adjustments**

The Consumer Price Indices (CPIs) were an estimation that was made based on the Total Consumption Poverty Line (TCPL) statistics published by ZimStat. The Consumer Price Indices adopted are as follows: -

	Index	Conversion factors
31/12/2023	65,703.44	1
31/12/2022	13,672.91	4.81

The main procedures applied for the above mentioned restatement are as follows:

- 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.

5. 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
Balance as at 31 December 2022										
Opening carrying amount	4 728 427 657 775	52 762 320 896	2 353 564 258	74 514 967 936	609 266 252	441 773 797	1 311 632 008	1 209 074 628	2 322 276 735 409	7 183 906 992 959
Additions	-	29 982 316	-	5 067 540 540	54 456 774	1 136 540 449	135 315 333	1 910 923 096	902 344 533 928	910 679 292 436
Disposals	-	-	(21 219 332)	-	(10 894)	-	-	-	-	(21 230 226)
Depreciation for the year	-	(129 636 798)	(118 710 357)	(333 473 058)	(13 964 355)	(235 646 911)	(25 654 519)	(355 660 077)	-	(1 212 746 075)
Carrying amount	<u>4 728 427 657 775</u>	<u>52 662 666 414</u>	<u>2 213 634 569</u>	<u>79 249 035 418</u>	<u>649 747 777</u>	<u>1 342 667 335</u>	<u>1 421 292 822</u>	<u>2 764 337 647</u>	<u>3 224 621 269 337</u>	<u>8 093 352 309 094</u>
As at 31 December 2022										
Cost	4 728 427 657 775	56 731 019 614	4 694 377 800	87 851 363 547	972 224 457	1 960 103 194	1 847 329 695	4 387 220 870	3 224 621 269 337	8 111 492 566 289
Accumulated depreciation	-	(4 068 353 200)	(2 480 743 231)	(8 602 328 129)	(322 476 680)	(617 435 859)	(426 036 873)	(1 622 883 223)	-	(18 140 257 195)
Carrying amount	<u>4 728 427 657 775</u>	<u>52 662 666 414</u>	<u>2 213 634 569</u>	<u>79 249 035 418</u>	<u>649 747 777</u>	<u>1 342 667 335</u>	<u>1 421 292 822</u>	<u>2 764 337 647</u>	<u>3 224 621 269 337</u>	<u>8 093 352 309 094</u>
Year ended 31 December 2023										
Opening carrying amount	4 728 427 657 775	52 662 666 414	2 213 634 569	79 249 035 418	649 747 777	1 342 667 335	1 421 292 822	2 764 337 647	3 224 621 269 337	8 093 352 309 094
Additions	-	-	346 416 987	1 585 692 377	161 140 619	2 514 586 909	790 371 941	-	5 135 179 371 537	5 140 577 580 370
Disposals	-	-	(2 218 636)	-	-	-	(159 450)	(8 625 686)	-	(11 003 772)
Depreciation for the year	-	(46 159 896)	(58 327 609)	(145 461 901)	(14 671 681)	(616 176 695)	(43 824 932)	(166 013 376)	-	(1 090 636 090)
Carrying amount	<u>4 728 427 657 775</u>	<u>52 616 506 518</u>	<u>2 499 505 311</u>	<u>80 689 265 894</u>	<u>796 216 715</u>	<u>3 241 077 549</u>	<u>2 167 680 381</u>	<u>2 589 698 585</u>	<u>8 359 800 640 874</u>	<u>13 232 828 249 602</u>
As at 31 December 2023										
Cost	4 728 427 657 775	56 731 019 614	5 038 576 151	89 437 055 924	1 133 365 076	4 474 690 103	2 637 542 186	4 378 595 184	8 359 800 640 874	13 252 059 142 887
Accumulated depreciation	-	(4 114 513 096)	(2 539 070 840)	(8 747 790 030)	(337 148 361)	(1 233 612 554)	(469 861 805)	(1 788 896 599)	-	(19 230 893 285)
Carrying amount	<u>4 728 427 657 775</u>	<u>52 616 506 518</u>	<u>2 499 505 311</u>	<u>80 689 265 894</u>	<u>796 216 715</u>	<u>3 241 077 549</u>	<u>2 167 680 381</u>	<u>2 589 698 585</u>	<u>8 359 800 640 874</u>	<u>13 232 828 249 602</u>

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 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
Disposals	-	-	(607 407)	-	(2 267)	-	-	-	-	(609 674)
Depreciation 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	<u>39 696 968 896</u>	<u>488 235 107</u>	<u>19 769 696</u>	<u>980 685 105</u>	<u>15 582 517</u>	<u>107 614 769</u>	<u>28 513 461</u>	<u>251 101 056</u>	<u>242 441 892 625</u>	<u>284 030 363 232</u>
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	<u>39 696 968 896</u>	<u>488 235 107</u>	<u>19 769 696</u>	<u>980 685 105</u>	<u>15 582 517</u>	<u>107 614 769</u>	<u>28 513 461</u>	<u>251 101 056</u>	<u>242 441 892 625</u>	<u>284 030 363 232</u>
Year ended 31 December 2023										
Opening 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
Additions	-	-	277 101 124	1 293 434 217	119 204 395	1 678 554 630	652 272 290	-	3 528 345 211 857	3 532 365 778 513
Disposals	-	-	(34 713)	-	-	-	(55 689)	(1 499 400)	-	(1 589 802)
Depreciation for the year	-	(17 598 360)	(22 237 274)	(55 457 033)	(5 593 546)	(234 916 023)	(16 708 160)	(63 292 238)	-	(415 802 634)
Carrying amount	<u>39 696 968 896</u>	<u>470 636 747</u>	<u>274 598 833</u>	<u>2 218 662 289</u>	<u>129 193 366</u>	<u>1 551 253 376</u>	<u>664 021 902</u>	<u>186 309 418</u>	<u>3 770 787 104 482</u>	<u>3 815 978 749 309</u>
As at 31 December 2023										
Cost	39 696 968 896	541 054 087	346 788 838	2 389 013 212	139 652 393	1 824 516 803	688 334 429	318 969 067	3 770 787 104 482	3 816 732 402 207
Accumulated depreciation	-	(70 417 340)	(72 190 005)	(170 350 923)	(10 459 027)	(273 263 427)	(24 312 527)	(132 659 649)	-	(753 652 898)
Carrying amount	<u>39 696 968 896</u>	<u>470 636 747</u>	<u>274 598 833</u>	<u>2 218 662 289</u>	<u>129 193 366</u>	<u>1 551 253 376</u>	<u>664 021 902</u>	<u>186 309 418</u>	<u>3 770 787 104 482</u>	<u>3 815 978 749 309</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

		Inflation adjusted		Historical cost		
		2023	2022	2023	2022	
6	Right of use asset	ZWL	ZWL	ZWL	ZWL	
	Opening carrying amount	76 673 615	102 231 484	3 356 942	3 576 292	
	Additions	905 614 219	-	190 624 847	-	
	Depreciation charge for the year	(418 993 898)	(25 557 869)	(78 997 816)	(219 350)	
	Closing carrying amount	563 293 936	76 673 615	114 983 973	3 356 942	
	Cost	1 058 961 445	153 347 226	195 314 561	4 689 715	
	Accumulated depreciation	(495 667 509)	(76 673 611)	(80 330 588)	(1 332 773)	
	Closing carrying amount	563 293 936	76 673 615	114 983 973	3 356 942	
6.1	Lease liability					
	Opening carrying amount	109 773 577	264 034 717	22 843 918	8 029 359	
	Lease liability recognised	905 614 219	-	190 624 847	-	
	Finance cost accrual	84 369 520	(7 535 307)	44 144 535	(1 568 100)	
	Lease repayment	(851 715 952)	(18 353 526)	(489 959 065)	(3 819 375)	
	Foreign exchange losses	1 314 255 164	97 078 335	1 314 255 164	20 202 034	
	Effects of inflation	(480 387 129)	(225 450 642)	-	-	
	Closing carrying amount	1 081 909 399	109 773 577	1 081 909 399	22 843 918	
	Lease liability					
	Lease liabilities are presented in the statement of financial position as follows:					
	Current liability portion	726 631 629	31 048 769	726 631 629	6 461 259	
	Non current liability portion	355 277 770	78 724 808	355 277 770	16 382 659	
	Total	1 081 909 399	109 773 577	1 081 909 399	22 843 918	
6.2	Lease Liability - Maturity analysis					
	Inflation Adjusted	Less than 1 year ZWL	Less than 2 years ZWL	Between 2-3 years ZWL	Between 2-3 years ZWL	Total ZWL
	31 December 2023	726 631 629	353 742 683	1 535 087	-	1 081 909 399
	31 December 2022	31 048 769	78 724 808	-	-	109 773 577
	Historical Cost	Less than 1 year ZWL	Less than 2 years ZWL	Between 2-3 years ZWL	Between 2-3 years ZWL	Total ZWL
	31 December 2023	726 631 629	353 742 683	1 535 087	-	1 081 909 399
	31 December 2022	6 461 259	16 382 659	-	-	22 843 918

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Investment property	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Year ended 31 December				
Opening carrying amount	349 678 941	358 742 421	2 979 875	3 011 750
Depreciation charge for the year	-	(9 063 480)	-	(31 875)
Fair value adjustment	10 771 487 125	-	10 771 487 125	-
Effects of inflation	(346 699 066)	-	-	-
	<u>10 774 467 000</u>	<u>349 678 941</u>	<u>10 774 467 000</u>	<u>2 979 875</u>

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.

7.1 Change in accounting policy

During the year, the Authority changed its accounting policy in respect of the subsequent measurement of investment property from the cost model to the fair value model. Management is of the opinion that the new subsequent measurement model for investment property will result in a fairer presentation of the financial position and operating results since there have been fluctuations in the market prices. This change in accounting policy has been accounted for prospectively and the comparative balances have not been restated.

8 Intangible assets

Year ended 31 December				
Opening carrying amount	18 649 086	26 948 938	455 239	499 593
Amortisation charge for the year	(116 339)	(8 299 852)	(44 354)	(44 354)
	<u>18 532 747</u>	<u>18 649 086</u>	<u>410 885</u>	<u>455 239</u>
As at 31 December				
Cost	116 199 083	116 199 083	620 947	620 947
Accumulated depreciation	(97 666 336)	(97 549 997)	(210 062)	(165 708)
	<u>18 532 747</u>	<u>18 649 086</u>	<u>410 885</u>	<u>455 239</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
9 Investments				
Year ended 31 December				
Opening carrying amount	437 467	43 778 603	91 037	2 650 205
Fair value adjustment	29 489 292	(12 297 760)	29 489 292	(2 559 168)
Effects of inflation	(346 430)	(31 043 376)	-	-
Carrying amount	<u>29 580 329</u>	<u>437 467</u>	<u>29 580 329</u>	<u>91 037</u>
10 Other receivables				
Non-current				
Balance as at 1 January	13 107 438 282	-	2 727 662 295	-
Certificates drawn during the year	108 692 314 418	-	108 692 314 418	-
Foreign exchange gains	38 525 144 198	-	38 525 144 198	-
Effects of inflation	(10 379 775 987)	-	-	-
	<u>149 945 120 911</u>	<u>-</u>	<u>149 945 120 911</u>	<u>-</u>
Current				
Balance as at 1 January	807 145 144 745	-	167 967 174 864	-
Certificates drawn during the year	3 536 705 471 375	-	3 428 013 156 957	-
Disbursements done during the year	(298 827 006 547)	-	(298 827 006 547)	-
Foreign exchange gains	2 144 887 506 305	-	2 144 887 506 305	-
Effects of inflation	(747 870 284 299)	-	-	-
	<u>5 442 040 831 579</u>	<u>-5 442 040 831 579</u>	<u>-</u>	<u>-</u>
11 Inventories				
Inventories	2 219 046 421	1 855 893 645	2 067 101 183	193 492 132
Provision for obsolete inventory	(5 978 326)	-	(5 978 326)	-
	<u>2 213 068 095</u>	<u>1 855 893 645</u>	<u>2 061 122 857</u>	<u>193 492 132</u>
12 Trade and other receivables				
Government institutions	108 072 572 321	22 233 103 206	108 072 572 321	4 626 716 221
Non -Government debtors	111 640 401 759	45 437 071 432	111 640 401 759	9 455 469 778
Irrigators	49 376 705 078	17 861 668 057	49 376 705 078	3 717 019 103
Local authorities	13 081 567 073	10 173 805 875	13 081 567 073	2 117 172 409
Parastatals	4 439 400 399	1 766 845 538	4 439 400 399	367 681 148
Other corporate consumers	14 328 037 282	7 877 939 276	14 328 037 282	1 639 401 801
Direct private consumers	30 414 691 927	7 756 812 686	30 414 691 927	1 614 195 317
	<u>219 712 974 080</u>	<u>67 670 174 638</u>	<u>219 712 974 080</u>	<u>14 082 185 999</u>
Allowance for credit losses	(62 016 244 486)	(15 663 143 872)	(62 016 244 486)	(3 259 505 484)
	<u>157 696 729 594</u>	<u>52 007 030 766</u>	<u>157 696 729 594</u>	<u>10 822 680 515</u>
Other receivables	4 758 613 537	2 852 597 784	4 758 613 537	593 626 554
	<u>162 455 343 131</u>	<u>54 859 628 550</u>	<u>162 455 343 131</u>	<u>11 416 307 069</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Inflation adjusted		Historical cost	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
12.1 Movements in the impairment allowance				
Balance at the beginning of the year	15 663 143 872	10 031 443 333	3 259 505 484	607 275 047
Movement	58 756 739 002	12 744 959 970	58 756 739 002	2 652 230 437
Effects of inflation	(12 403 638 388)	7 113 259 431)	-	-
Closing balance	<u>62 016 244 486</u>	<u>15 663 143 872</u>	<u>62 016 244 486</u>	<u>3 259 505 484</u>

12.2 Bad debts and allowance for credit losses

Bad debts	-	2 967 127 826	-	486 189 209
Impairment loss allowance	<u>58 756 739 002</u>	<u>12 744 959 970</u>	<u>58 756 739 002</u>	<u>2 652 230 437</u>
	<u>58 756 739 002</u>	<u>15 712 087 796</u>	<u>58 756 739 002</u>	<u>3 138 419 646</u>

13 Cash and cash equivalents

Cash and bank balances	<u>12 716 737 405</u>	<u>10 689 505 435</u>	<u>12 716 737 405</u>	<u>2 224 489 660</u>
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14 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	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
15 Government equity contribution				
Opening balance	1 431 402 998 793	1 177 677 608 949	54 138 853 012	16 908 766 679
Contribution in arrears	8 940 572 423 715	253 725 389 844	3 408 573 766 180	37 230 086 333
Contribution received	<u>298 827 006 547</u>	-	<u>298 827 006 547</u>	-
Closing balance	<u>10 670 802 429 055</u>	<u>1 431 402 998 793</u>	<u>3 761 539 625 739</u>	<u>54 138 853 012</u>

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 of Zimbabwe (IDBZ).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
16 Long term borrowings				
Opening balance	187 682 673	966 810 852	39 056 827	36 832 750
Interest charged	6 231 204	9 774 766	2 375 633	2 034 132
Penalty on late payments	546 595	912 757	208 388	189 945
Loan reclassification to donations received	(365 981)	-	(365 981)	-
Effects of inflation	(152 819 624)	(789 815 702)	-	-
Closing balance	<u>41 274 867</u>	<u>187 682 673</u>	<u>41 274 867</u>	<u>39 056 827</u>

The IDBZ's borrowing is unsecured. The interest rate on the borrowing is 6%. Interest accrued to 31 December 2023 amounted to **ZWL 2 375 633 (2022: ZWL 2 034 132)**.

17 Retention creditors

Opening balance	13 107 438 282	5 897 888 579	2 727 662 295	332 303 226
Additions	108 692 314 418	11 510 596 901	108 692 314 418	2 395 359 069
Foreign exchange losses	38 525 144 198	-	38 525 144 198	-
Effects of inflation	(10 379 775 987)	(4 301 047 198)	-	-
Closing balance	<u>149 945 120 911</u>	<u>13 107 438 282</u>	<u>149 945 120 911</u>	<u>2 727 662 295</u>

18 Construction liabilities

Balance as at 1 January	807 145 144 745	876 800 475 160	167 967 174 864	53 143 788 027
Certificates drawn during the year	3 428 013 156 957	738 162 785 889	3 428 013 156 957	153 611 922 890
Disbursements done during the year	(298 827 006 547)	(186 393 434 147)	(298 827 006 547)	(38 788 536 053)
Foreign exchange losses	2 144 887 506 305	-	2 144 887 506 305	-
Effects of inflation	(639 177 969 881)	(621 424 682 157)	-	-
	<u>5 442 040 831 579</u>	<u>807 145 144 745</u>	<u>5 442 040 831 579</u>	<u>167 967 174 864</u>

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
19 Trade and other payables				
Trade payables	52 275 775 416	18 510 030 704	52 275 775 416	3 851 943 587
Deferred revenue	1 738 512 280	183 660 517	1 738 512 280	38 219 815
Accrued leave pay	9 832 866 756	11 188 796 357	9 832 866 756	2 328 392 268
Value added tax and penalties (ZIMRA)	20 343 279 763	81 576 590 116	20 343 279 763	16 976 115 716
Accrued pensions and penalties	6 433 706 995	9 483 716 568	6 433 706 995	1 973 564 593
Outstanding net salaries	84 316 099	5 270 701 078	84 316 099	1 096 834 659
Water Fund (refer to note 27)	(8 062 621 985)	(6 985 970 630)	(8 062 621 985)	(1 453 782 827)
Other creditors	4 007 509 113	7 372 797 177	4 007 509 113	1 534 281 561
	<u>86 653 344 437</u>	<u>126 600 321 887</u>	<u>86 653 344 437</u>	<u>26 345 569 372</u>
20 Clear and raw water sales				
Clear water sales	359 299 394 924	93 688 486 592	206 644 350 482	14 789 320 549
Prepaid clear water sales	26 925 346 491	183 660 517	10 265 229 713	38 219 815
Raw water sales	<u>159 706 730 053</u>	<u>48 730 961 332</u>	<u>95 603 056 172</u>	<u>7 719 282 172</u>
	<u>545 931 471 468</u>	<u>142 603 108 441</u>	<u>312 512 636 367</u>	<u>22 546 822 536</u>
21 Fees from other services				
Borehole drilling	18 466 117 560	7 897 330 919	9 476 101 505	904 929 058
Connection fees	599 090 763	400 187 714	372 525 854	45 856 188
Eco-tourism	11 839 510	1 758 200	7 182 287	201 466
House Rentals	917 187 014	4 074 510	515 698 051	466 885
Kumakomo Bottled Water	276 112 917	22 713 675	276 112 917	2 602 685
Meter sales and tampering fines	9 277 447	6 200 066	3 538 395	710 445
Reconnection fees	829 905 591	300 118 531	494 523 657	34 389 591
School of excellence (bookings, conferencing and meals)	2 233 933 695	597 553 497	1 164 027 126	68 471 681
Sewerage (connection and block fees)	21 466 736	8 356 834	13 244 769	957 582
	<u>23 364 931 233</u>	<u>9 238 293 946</u>	<u>12 322 954 561</u>	<u>1 058 585 581</u>
22 Other operating income				
Profit on disposal	563 441 199	1 293 649 892	563 441 199	148 235 067
Donations received	399 087 238	-	84 230 623	-
Fair value adjustment on investments	29 489 292	(12 297 760)	29 489 292	(2 559 168)
Sundry Income	<u>6 582 595 299</u>	<u>5 012 940 469</u>	<u>4 642 249 418</u>	<u>574 416 286</u>
	<u>7 574 613 028</u>	<u>6 294 292 601</u>	<u>5 319 410 532</u>	<u>720 092 185</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Inflation adjusted		Historical cost	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
23 Staff costs				
Salaries and wages	50 735 272 091	41 302 216 115	25 828 516 333	5 108 301 982
Social security	2 594 473 092	346 361 062	1 333 524 569	72 077 853
Pension cost	4 650 688 408	2 886 158 812	2 254 250 651	600 610 615
Bonus and incentive remuneration	4 666 807 959	5 958 298 809	3 949 131 815	1 239 923 977
Leave pay expense	9 086 327 778	7 406 581 121	8 942 418 934	1 541 312 011
Other staff costs	47 175 797 319	7 351 700 060	31 697 869 147	1 489 789 344
	118 909 366 647	65 251 315 979	74 005 711 449	10 052 015 782
Less: Transfers to the water fund	(3 032 315 288)	(4 232 482 383)	(1 156 063 600)	(693 528 347)
	<u>115 877 051 359</u>	<u>61 018 833 596</u>	<u>72 849 647 849</u>	<u>9 358 487 435</u>
24 Cost of production				
Chemicals	4 706 661 989	2 959 532 560	2 627 525 656	339 123 058
Clear water purchases	27 487 901 411	12 072 512 239	15 144 641 914	1 383 349 291
Consumable materials	1 442 200 897	707 504 639	1 019 240 856	81 070 619
Drilling operations	10 957 972 153	1 118 988 586	9 732 494 557	128 221 205
Environmental discharge fees and levies	798 452 656	63 340 529	389 132 026	7 257 982
Equipment hire	25 047 917	3 730 512	8 403 731	427 467
Fuel and oils for stations	2 529 043 484	1 730 812 099	1 570 352 407	198 328 040
Obsolete stock provision	5 436 901	-	5 436 901	-
Printing stationery	1 607 261 846	1 465 070 342	892 352 879	167 877 570
Protective clothing	901 609 792	702 267 896	533 656 676	80 470 558
Pump stations electricity	25 025 046 918	11 594 520 091	16 091 822 763	1 328 577 750
Raw water pumping costs	4 791 387 767	2 619 000 034	2 861 942 046	300 102 561
School of excellency costs	315 290 407	26 241 956	105 716 881	3 006 979
Water quality testing and analysis	36 611 517	50 179 778	15 777 424	5 749 935
	<u>80 629 925 655</u>	<u>35 113 701 261</u>	<u>50 998 496 717</u>	<u>4 023 563 015</u>
25 Administration expenses				
Advertising and promotions	4 242 579 790	1 621 534 787	2 720 988 713	205 426 935
Audit fees	1 210 879 263	246 735 269	461 645 082	51 345 692
Board fees	1 151 692 929	244 734 892	439 080 421	40 101 900
Bank charges	4 995 019 247	2 185 757 963	2 884 322 341	278 270 853
Communication expenses	6 671 891 071	3 000 912 976	3 685 609 206	334 512 690
Consultancy fees	1 158 472 988	86 531 101	809 653 644	10 962 342
Donations	234 849 363	-	157 414 455	-
Legal fees	95 222 784	47 495 892	66 400 999	6 017 099
Other administrative costs	15 627 840	9 555 395	6 793 742	1 210 542
Penalties	2 529 548	1 325 416 335	1 855 859	168 102 603
Premises expenses	5 684 734 754	14 046 780 317	2 805 871 037	299 624 105
Transport and travelling expenses	33 670 055 977	2 365 078 876	20 561 793 476	1 556 405 653
	<u>59 133 555 554</u>	<u>25 180 533 803</u>	<u>34 601 428 975</u>	<u>2 951 980 414</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
26 Net financing income				
Interest received	21 300 574 621	5 149 420 629	13 954 281 027	742 262 998
Interest paid	(6 713 405 418)	(881 901 359)	(3 625 487 762)	(127 121 630)
	<u>14 587 169 203</u>	<u>4 267 519 270</u>	<u>10 328 793 265</u>	<u>615 141 368</u>
27 Water Fund				
Reconciliation of the Water Fund for the year:-				
Levies invoiced to raw water users during the year	(246 269 942 537)	(4 937 129 212)	(93 889 879 277)	(671 131 777)
Statutory functions expenditure for the year	184 307 649 628	15 945 899 852	70 266 890 044	2 137 926 374
Equity and liabilities	(2 510 064 709)	(6 765 798 480)	(956 956 704)	(1 407 964 929)
Total assets	85 620 339 363	6 985 970 630	32 642 567 922	1 394 953 159
Effects of inflation	<u>(13 085 359 760)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable	<u>8 062 621 985</u>	<u>6 985 970 630</u>	<u>8 062 621 985</u>	<u>1 453 782 827</u>

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.

28 Financial instruments - risk management

The Authority 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 Authority is exposed to risks that arise from its use of financial instruments. This note describes the Authority'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 substantial changes in the Authority'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 Authority, from which financial instrument risk arises, are as follows:-

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables; and
- Borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28 Financial instruments - risk management (Continued)**(i) Financial instruments by category**

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

Financial assets	Inflation adjusted	Historical cost
31 December 2023	ZWL	ZWL
Cash and cash equivalents	12 716 737 405	12 716 737 405
Trade and other receivables	162 455 343 131	162 455 343 131
	<u>175 172 080 536</u>	<u>175 172 080 536</u>
31 December 2022		
Cash and cash equivalents	10 689 505 435	2 224 489 660
Trade and other receivables	54 859 628 550	11 416 307 069
	<u>65 549 133 985</u>	<u>13 640 796 729</u>
Financial liabilities		
31 December 2023		
Borrowings	41 274 867	41 274 867
Trade and other payables	86 653 344 437	86 653 344 437
Construction liabilities	5 442 040 831 579	5 442 040 831 579
	<u>5 528 735 450 883</u>	<u>5 528 735 450 883</u>
Financial liabilities		
31 December 2022		
Borrowings	187 682 673	39 056 827
Trade and other payables	126 600 321 887	26 345 569 372
Construction liabilities	807 145 144 745	167 967 174 864
	<u>933 933 149 305</u>	<u>194 351 801 063</u>

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28 Financial instruments- risk management (Continued)**General objectives, policies and processes (continued)**

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 2023, 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

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, revenues from normal operations, other commercial services and interests from over due accounts. 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 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28 Financial instruments- risk management (Continued)**HISTORICAL COST****31 December 2023**

	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross carrying amount	25 486 907 443	18 136 623 783	14 645 827 045	18 692 209 353	34 678 834 135	111 640 401 759
Lifetime expected loss	6 881 465 010	6 891 917 038	6 647 910 843	6 916 117 461	34 678 834 135	62 016 244 486

HISTORICAL COST**31 December 2022**

	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross carrying amount	3 461 553 932	2 808 541 002	1 771 309 340	539 408 749	874 656 756	9 455 469 778
Lifetime expected loss	1 015 404 526	864 256 173	624 175 386	336 892 959	418 776 440	3 259 505 484

INFLATION ADJUSTED**31 December 2023**

	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross carrying amount	25 486 907 443	18 136 623 783	14 645 827 045	18 692 209 353	34 678 834 135	111 640 401 759
Lifetime expected loss	6 881 465 010	6 891 917 038	6 647 910 843	6 916 117 461	34 678 834 135	62 016 244 486

INFLATION ADJUSTED**31 December 2022**

	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross carrying amount	11 768 864 938	10 199 879 164	7 707 735 980	8 267 205 051	7 493 386 300	45 437 071 432
Lifetime expected loss	3 749 362 424	3 388 495 696	2 815 302 764	2 943 980 650	2 766 002 337	15 663 143 872

29 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 Spring Water
11. School of Excellence

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29.1 Segment revenues and results

	Segment revenue - clear and raw water			
	Inflation Adjusted 2023 ZWL	Inflation Adjusted 2022 ZWL	Historical Cost 2023 ZWL	Historical Cost 2022 ZWL
1. Head Office	(58 768 069)	(570 137)	(22 405 198)	(448 927)
2. Mzingwane Catchment	60 107 467 547	18 674 435 938	22 915 841 103	1 992 942 419
3. Gwayi Catchment	65 043 630 401	20 379 841 231	40 619 626 857	3 335 781 233
4. Sanyati Catchment	104 739 013 514	21 103 926 379	55 753 405 222	3 905 927 018
5. Save Catchment	75 582 322 341	19 588 836 245	44 637 480 208	2 712 942 661
6. Runde Catchment	84 431 657 132	22 482 306 258	48 011 269 826	4 231 540 812
7. Mazowe Catchment	55 230 642 510	19 336 891 360	36 878 446 594	2 514 560 864
8. Manyame Catchment	100 131 271 353	21 034 135 757	63 442 858 838	3 850 973 771
9. Groundwater	-	-	-	-
10. Kumakomo Spring Water	724 234 739	3 305 410	276 112 917	2 602 685
11. School of Excellence	-	-	-	-
	<u>545 931 471 468</u>	<u>142 603 108 441</u>	<u>312 512 636 367</u>	<u>22 546 822 536</u>

	Segment profit/(loss)			
	Inflation Adjusted 2023 ZWL	Inflation Adjusted 2022 ZWL	Historical Cost 2023 ZWL	Historical Cost 2022 ZWL
1. Head Office	(3 561 501 426 940)	(326 336 302 498)	(59 280 888 930)	(5 644 383 658)
2. Mzingwane Catchment	19 680 888 954	665 532 767 609	7 503 296 060	430 013 207
3. Gwayi Catchment	31 091 601 307	806 759 261 834	11 853 605 288	701 797 297
4. Sanyati Catchment	86 055 412 266	836 499 011 069	32 808 438 519	1 493 436 881
5. Save Catchment	56 010 431 618	806 111 698 417	21 353 855 077	684 559 868
6. Runde Catchment	92 586 748 766	818 401 514 663	35 298 496 336	1 011 701 328
7. Mazowe Catchment	52 030 354 034	846 053 981 808	19 836 459 166	1 747 779 747
8. Manyame Catchment	107 619 631 599	1 107 435 227 158	40 032 642 824	3 063 707 067
9. Groundwater	(4 633 198 734)	20 312 162 013	(1 766 396 927)	540 687 527
10. Kumakomo Spring Water	(695 322 430)	(411 007 168)	(265 090 162)	(10 940 561)
11. School of Excellence	2 125 778 171	(344 649 180)	810 448 298	(9 174 184)
	<u>(3 119 629 101 389)</u>	<u>5 580 013 665 725</u>	<u>108 184 865 549</u>	<u>4 009 184 519</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2022:NIL)

The accounting policies of the reportable segments are the same as the Authority's accounting policies described in note 2.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29.2 Segment assets and liabilities

	Inflation Adjusted		Historical Cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Segment assets				
1. Head Office	18 249 721 105 263	1 392 195 647 619	9 304 895 815 337	245 487 254 877
2. Mzingwane Catchment	41 429 876 340	840 973 420 416	15 795 050 131	5 623 973 811
3. Gwayi Catchment	85 457 400 993	835 458 910 466	32 580 448 023	4 656 798 849
4. Sanyati Catchment	148 024 587 243	853 797 032 847	56 434 051 525	7 873 072 459
5. Save Catchment	100 767 142 997	871 226 249 508	38 417 253 822	10 929 935 557
6. Runde Catchment	137 962 162 845	887 751 194 409	52 597 774 137	13 828 200 880
7. Mazowe Catchment	78 032 858 263	840 462 949 846	29 749 857 276	5 534 443 761
8. Manyame Catchment	145 514 274 337	828 905 924 170	55 477 000 198	3 507 488 333
9. Groundwater	22 069 237 585	809 641 775 127	8 413 848 768	128 801 415
10. Kumakomo Springwater	1 792 733 844	(2 451 820)	683 475 874	(430 018)
11. World Bank	4 368 579	792 123 245	1 665 511	301 995 262
12. School of Excellence	2 809 476 446	-	1 071 106 777	-
	<u>19 013 585 224 735</u>	<u>8 161 202 775 833</u>	<u>9 596 117 347 379</u>	<u>297 871 535 186</u>
Segment liabilities				
1. Head Office	5 635 570 617 539	931 092 667 914	5 635 570 617 539	193 760 695 934
2. Mzingwane Catchment	3 412 621 919	5 296 840 993	3 412 621 919	1 102 274 384
3. Gwayi Catchment	16 114 975 617	3 886 410 183	16 114 975 617	808 763 260
4. Sanyati Catchment	10 334 817 510	1 753 197 114	10 334 817 510	364 840 906
5. Save Catchment	3 419 803 053	2 317 923 162	3 419 803 053	482 360 586
6. Runde Catchment	2 739 985 379	4 206 754 282	2 739 985 379	875 426 975
7. Mazowe Catchment	2 965 412 449	1 208 259 014	2 965 412 449	251 439 106
8. Manyame Catchment	5 175 856 320	(524 704 398)	5 175 856 320	(109 191 161)
9. Ground water	29 465 967	(2 136 964 943)	29 465 967	(444 703 120)
10. Kumakomo SpringWater	-	49 977 843	-	10 400 406
11. World Bank	-	-	-	-
12. School of Excellence	(1 074 560)	-	(1 074 560)	-
	<u>5 679 762 481 193</u>	<u>947 150 361 164</u>	<u>5 679 762 481 193</u>	<u>197 102 307 276</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

30 Pensions and post retirement obligations**30.1 The General Government Pension Scheme**

	Inflation adjusted		Historical cost	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
Opening balance	737 658 207	33 277 534	124 053 304	6 925 066
Contributions during the year	2 182 203 133	1 041 913 720	831 960 192	156 781 422
	2 919 861 340	1 075 191 254	956 013 496	163 706 488
Less remittances for the year	(1 819 891 883)	(337 533 047)	(693 829 817)	(39 653 184)
Balance at the end of the year	1099 969 457	737 658 207	262 183 679	124 053 304

30.2 Zimbabwe National Water Authority Pension Fund

Opening balance	3 922 651 517	469 483 175	511 500 927	17 815 045
Contributions during the year	8 893 510 426	3 943 419 283	3 390 631 482	595 707 267
	12 816 161 943	4 412 902 458	3 902 132 409	613 522 312
Less remittances for the year	(4 486 644 752)	(490 250 941)	(1 710 523 541)	(102 021 385)
Balance at the end of the year	8 329 517 191	3 922 651 517	2 191 608 868	511 500 927

30.3 National Social Security Authority Scheme

Opening balance	2 259 293 092	315 183 755	333 300 938	17 071 392
Contributions during the year	8 268 976 873	2 399 455 414	3 152 529 425	369 638 670
	10 528 269 965	2 714 639 169	3 485 830 363	386 710 062
Less remittances for the year	(4 931 175 709)	(455 346 077)	(1 880 000 000)	(53 409 124)
Balance at the end of the year	5 597 094 256	2 259 293 092	1 605 830 363	333 300 938

31 Events after reporting date

On the 5th of April 2024, the Government of Zimbabwe issued Statutory Instrument 60 of 2024, introducing a new currency, the Zimbabwe Gold (ZWG), and replacing the Zimbabwe dollar (ZWL). According to the statutory instrument, for accounting and other purposes (including the discharge of financial or contractual obligations), all assets and liabilities that were, immediately before the effective date, valued and expressed in Zimbabwe dollars, shall be deemed to be valued in ZWG by applying an exchange rate of ZWL 2 498.7242: 1 ZWG. Prior to its replacement by the ZWG, ZWL was the functional and presentation currency of the Authority. The replacement of the ZWL by the ZWG will mean that the Authority will have to reassess its functional currency and choose a new presentation currency going forward. Management have accounted for the change in functional currency of the ZWL by the ZWG as a non-adjusting event after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

32 Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Authority will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Directors have assessed the Authority's ability to continue as a going concern, considering all available information about the future, including:

Continued cost containment and reduction measures

Capital expenditure rationalisation and efficiencies optimisation

Billing using a stable usd tariff structure and

Continued support from the Government of Zimbabwe through contributions made under the Public Sector Investment Programme,

Based on this assessment, the Directors believe that the Authority has adequate resources to continue in operational existence for the foreseeable future. Therefore, they have adopted the going concern basis in preparing these financial statements.

Accordingly, the Directors have concluded that there are no material uncertainties that may cast significant doubt on the Authority's ability to continue as a going concern and, therefore, the financial statements have been prepared on a going concern basis.

33 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2024.