

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

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FOR THE YEAR ENDED 31 DECEMBER 2023

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**ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2023**

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TRUSTEES' STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

For the year ended 31 December 2023

The Trustees take full responsibility for the maintenance of adequate accounting records and integrity of the annual financial statements and related information. The Trustees are responsible for the preparation and fair presentation of the annual financial statements of ZB Financial Holdings Group Pension Fund ("the Fund"), comprising the statement of financial position at 31 December 2023, and the statement of net assets available for benefits, statement of cash flows and membership statistics for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes. The financial statements as at 31 December 2023 are prepared in accordance with International Financial Reporting Standards (IFRS), the Pension and Provident Funds Act (Chapter 24:32), the Pension and Provident Funds Regulations 1991, and the Fund's rules. The Fund's independent external auditor, PKF Chartered Accountants (Zimbabwe) has audited the financial statements, and their report appears on pages 2 to 6 of these financial statements.

The Trustees are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Financial Statements are prepared on the going concern basis. Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for the foreseeable future.

The Financial Statements for the year ended 31 December 2023 will be approved by the Board of Trustees at the next meeting and signed on its behalf by: -



Chairman of Trustees



Trustee



Principal Officer

11 April 2024



chartered accountants
& business advisers

Independent Auditor's Report

To the Trustees of ZB Financial Holdings Group Pension Fund

Report on the Audit of the Financial Statements

We have audited the financial statements of ZB Financial Holdings Group (ZBFH) Pension Fund, which comprise the statement of financial position as at December 31, 2023, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly, the financial position of ZB Financial Holdings Group (ZBFH) Pension Fund as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Opinion on the requirements of Circular 24 of 2022 of Insurance and Pensions Commission and requirements of the Pension and Provident Funds Act (Chapter 24:32), as amended, and Statutory Instrument (S.I) 323/91 of the Insurance and Pension Commissions Regulations of Zimbabwe.

In our opinion, the accompanying financial statements of ZB Financial Holdings Group (ZBFH) Pension Fund for the year ended 31 December 2023, were prepared in all material respects, in accordance with the financial reporting provisions as outlined by the directive issued by IPEC in Circular 24 of 2022 on 1 June 2022 as explained in the basis of accounting preparation note.

Basis for Adverse Opinion

The financial statements for the year ended 31 December 2023 did not comply with the requirements of IAS 21 in relation to translation of cash and cash equivalents balances, expenses and rental income from USD to ZWL which is material in the context of financial statements. As of 1 July 2019, the Zimbabwe economy was declared a hyperinflationary environment by Public Accountants and Auditors Board (PAAB) which triggered the application of IAS – 29 (Financial

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Reporting in Hyperinflationary Economies). These financial statements were not prepared in accordance with the provisions of IAS 29 and that constitute a departure from IFRS.

We conducted our audit in accordance with International Standards on Auditing. 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 Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of matter

Fair Value Determination for Investment Property

Generally accepted accounting principles require disclosures about fair value measurements for assets and liabilities. As disclosed in Note 4, Investment property values for the Fund are based on a revaluation exercise performed by professional valuers to determine their fair value as at the reporting date.

The determination of fair values for investment property as presented in Note 17 to the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values.

Non-compliance with the Pension and Provident Funds Act (Chapter 24:09), as amended.

We draw your attention to Note 24 of the financial statements, which indicates that as at 31 December 2023, the Fund was not in compliance with the Pension and Provident Funds Act (Chapter 24:32).

Key audit matter

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 period. 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 matter described in the basis for adverse opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Key audit matter

Revenue recognition

Contribution income is a key performance indicator used to evaluate the performance of the Fund.

There is a presumed risk of inappropriate revenue recognition specifically identified in IAS 240 "The Auditors Responsibilities Relating to fraud in an audit of financial statements.

Fraud in revenue recognition may take the form of revenue transactions not recorded or contribution premiums not accounted for at the appropriate rate or time.

How our audit addressed the key audit matter

We tested the design and operating effectiveness of controls established over the contribution's income and receivables cycle.

We performed substantive analytical procedures to identify areas that need significant attention.

We recalculated the expected contribution income using the rates stipulated in the Fund rules.

We satisfied ourselves that contribution income was settled on a timely basis and there was no long outstanding income due to the fund.

Other information

The Fund is responsible for the other information. Other information does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance 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, 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 the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Pension and Provident Funds Act (Chapter 24:32), and for such internal control as the Trustees determine 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, the Trustees are responsible for assessing the Fund's

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ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and 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 International Standards on Auditing 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 International Standards on Auditing, 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 Fund internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and 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 where of most significance in the audit of the financial statements of the current period 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.

The Engagement Partner on the audit resulting in this independent auditor's report is Lewis Hussein.



PKF Chartered Accountants (Zimbabwe)
Registered Public Auditor (Zimbabwe)

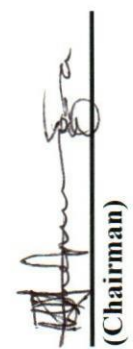
17 April 2024

Per: Lewis Hussein
Registered Public Auditor (Zimbabwe)
PAAB Practicing number of Engagement Partner: 0347

**ZB FINANCIAL HOLDINGS GROUP PENSION FUND
STATEMENT OF FINANCIAL POSITION (continued)**

For the year ended 31 December 2023

	Sub Account 1 2023 ZWS	Sub Account 2 ZWS	Sub Account 3 US\$	Total ZWS	Sub Account 1 2022 ZWS	Sub Account 2 ZWS	Sub Account 3 US\$	Total ZWS	Total ZWS
Total sundry debtors	37 782 222	84 681 529	-	122 463 751	20 626 086	4 879 541	-	25 505 627	
Total assets	86 961 324 912	11 169 760 255	-	98 131 085 167	8 980 907 006	1 051 544 390	-	10 032 451 396	
Non-Actuarial Liabilities									
Arrear pension benefits	9 968 194	-	-	9 968 194	1 946 351	-	-	1 946 351	
Tenants deposits	33 752 396	-	-	33 752 396	955 006	-	-	955 006	
Other non-actuarial liabilities									
(Lump sum withdrawal benefits):	1 406 501	248 206	-	1 654 707	2 157 685	380 768	-	2 538 453	
Provision for audit fees	42 855 152	4 761 684	-	47 616 836	4 713 555	523 728	-	5 237 283	
Investment advisers' fees	62 046 676	6 894 075	-	68 940 751	5 263 299	584 811	-	5 848 110	
Other accruals	-	15 373 519	-	15 373 519	-	10 194 602	-	10 194 602	
Total non-actuarial liabilities	150 028 919	27 277 484	-	177 306 403	15 035 896	11 683 909	-	26 719 805	
Net Assets available for benefits at end of year	86 811 295 993	11 142 482 771	-	97 953 778 764	8 965 871 110	1 039 860 481	-	10 005 731 591	
Actuarial Liabilities									
Members' Liabilities:									
Active members	4 394 657 607	805 014 415	-	5 199 672 022	1 200 827 000	289 462 674	-	1 490 289 674	
Pensioners	1 286 324 293	-	-	1 286 324 293	288 270 406	-	-	288 270 406	
Deferred pensioners	2 082 002 287	71 177 132	-	2 153 179 419	265 301 837	4 847 981	-	270 149 818	
Unclaimed benefits	1 444 824	-	-	1 444 824	323 792	-	-	323 792	
Reserves									
Other reserves(General reserve):	1 201 442 099	163 668 934	-	1 365 111 033	309 271 114	69 975 363	-	379 246 477	
Total Actuarial Liabilities	8 965 871 110	1 039 860 481	-	10 005 731 591	2 063 994 149	364 286 018	-	2 428 280 167	
Surplus/ Deficit	77 845 424 883	10 102 622 290	-	87 948 047 173	6 901 876 961	675 574 463	-	7 577 451 424	


(Chairman)


(Trustee)


(Principal Officer)

11 April 2024

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS
For the year ended 31 December 2023

Membership Activities	Sub Account 1 2023		Sub Account 2		Sub Account 3		Total		Sub Account 1 2022		Sub Account 2		Sub Account 3		Total		
	ZWS	ZWS	ZWS	ZWS	US\$	ZWS	ZWS	ZWS	ZWS	US\$	ZWS	ZWS	US\$	ZWS	ZWS	ZWS	
Contributions by members:																	
(a) Normal	-	3 921 147 322	-	-	-	3 921 147 322	-	-	-	-	235 955 308	-	-	-	235 955 308	-	-
(b) Voluntary by employers:	-	301 920	-	-	-	301 920	-	-	-	-	257 920	-	-	-	257 920	-	-
(a) Normal	-	3 921 147 322	-	-	-	3 921 147 322	-	-	-	-	235 955 308	-	-	-	235 955 308	-	-
Total Contributions	-	7 842 596 564	-	-	-	7 842 596 564	-	-	-	-	472 168 536	-	-	-	472 168 536	-	-
Other membership income:																	
Amounts received on life insurance claims	-	-	-	-	-	-	-	-	-	-	729 595	-	-	-	729 595	-	-
Other - Withdrawal benefits payable deferred	-	-	-	-	-	-	-	-	-	-	8 474	-	-	-	8 474	-	-
Total other membership income	-	-	-	-	-	-	-	-	-	-	738 069	-	-	-	738 069	-	-
Benefits and Payments:																	
Pensions:																	
to members:																	
to surviving spouse to children and other dependants	117 498 921	-	50 984 982	-	-	117 498 921	-	-	22 047 179	-	-	-	-	-	22 047 179	-	-
One third commutation	431 033 241	-	53 651 514	-	-	484 684 755	-	-	14 316 501	-	-	-	-	-	14 316 501	-	-
Lump sum awards on withdrawal/resignation	198 241 135	-	22 026 793	-	-	220 267 928	-	-	1 663 219	-	-	-	-	-	1 663 219	-	-
GLA Premiums paid	-	256 459	-	-	-	256 459	-	-	32 191 428	-	3 576 825	-	-	-	35 768 253	-	-
Transfers to other funds	68 345 104	-	7 593 900	-	-	75 939 004	-	-	16 414 730	-	2 896 717	-	-	-	19 311 447	-	-
Total Benefits and Payments	924 438 868	83 731 013	(924 438 868)	7 593 900	-	1 008 169 881	115 732 548	6 834 426 683	9 530 332	463 376 273	125 262 880	347 643 725	28 450 102	125 262 880	347 643 725	28 450 102	125 262 880
Net Membership Activities Income/ Loss	(924 438 868)	7 593 900	7 593 900	7 593 900	-	6 834 426 683	(115 732 548)	6 834 426 683	9 530 332	463 376 273	125 262 880	347 643 725	28 450 102	125 262 880	347 643 725	28 450 102	125 262 880
NON-MEMBERSHIP ACTIVITIES																	
Investment Income																	
Financial Assets:																	
Interest income	615 323 206.00	108 586 448	-	-	-	723 909 654	38 473 274	-	-	-	2 024 909	-	-	-	40 498 183	-	-
Dividends	352 373 942	39 152 660	-	-	-	391 526 602	51 587 763	-	-	-	2 715 145	-	-	-	54 302 908	-	-
Unrealised fair value gains/ (losses) on financial assets	14 352 964 014	755 419 160	-	-	-	15 108 383 174	573 222 704	-	-	-	30 169 616	-	-	-	603 392 320	-	-
Realised fair value gains/ (losses) on financial assets	179 153 896	9 429 152	-	-	-	188 583 048	819 108 708	-	-	-	43 110 985	-	-	-	862 219 693	-	-
Other (Foreign currency gain/ (loss))	1 155 267 913	128 363 106	-	-	-	1 283 631 019	143 436 344	-	-	-	15 937 371	-	-	-	159 373 715	-	-
Other (Guaranteed fund non-vested bonus)	7 375 452 746	-	-	-	-	7 375 452 746	587 018 762	-	-	-	-	-	-	-	587 018 762	-	-

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS (continued)


For the year ended 31 December 2023

	Sub Account 1 2023		Sub Account 2		Sub Account 3		Total		Sub Account 1 2022		Sub Account 2		Sub Account 3		Total	
	ZWS	ZWS	ZWS	ZWS	USS	ZWS	ZWS	ZWS	ZWS	ZWS	USS	ZWS	ZWS	USS	ZWS	ZWS
Non-Financial Assets:																
Rental income	707 312 684	37 226 983	-	-	-	744 539 667	65 438 153	3 444 113	-	-	-	68 882 266				
Revaluation gains/ (losses) on property	54 242 437 856	-	-	-	-	54 242 437 856	4 804 149 755	-	-	-	-	4 804 149 755				
Other (housing scheme loans interest)	224 021	190 232 454	-	-	-	190 456 475	187 419	31 049 071	-	-	-	31 236 490				
Total investment income/ (loss)	78 980 510 278	1 268 409 963	-	-	-	80 248 920 241	7 082 622 882	128 451 210	-	-	-	7 211 074 092				
Investment Expenses																
Financial Assets:																
Asset management fees	164 862 454	18 318 050	-	-	-	183 180 504	18 974 894	2 108 322	-	-	-	21 083 215				
Custodial fees	12 173 434	1 352 604	-	-	-	13 526 038	1 052 631	116 959	-	-	-	1 169 590				
Other (Agency fees)	-	-	-	-	-	-	65 267	43 512	-	-	-	108 779				
Non-Financial Assets:																
Property management fees	52 121 025	-	-	-	-	52 121 025	3 128 191	-	-	-	-	3 128 191				
Property maintenance costs	19 540 324	-	-	-	-	19 540 324	2 293 541	-	-	-	-	2 293 541				
Other (property expenses)	27 084 171	-	-	-	-	27 084 171	2 479 361	-	-	-	-	2 479 361				
Total Investment Expenses	275 781 408	19 670 654	-	-	-	295 452 062	27 993 885	2 268 792	-	-	-	30 262 677				
Net Investment Income/ (Loss)	78 704 728 870	1 248 739 309	-	-	-	79 953 468 179	7 054 628 997	126 182 418	-	-	-	7 180 811				
Other Activities																
Other Income:																
Employer contribution towards expenses	-	1 346 715 455	-	-	-	1 346 715 455	-	79 707 036	-	-	-	79 707 036				
Total Other Income (H)	-	1 346 715 455	-	-	-	1 346 715 455	-	79 707 036	-	-	-	79 707 036				
Other Expenses:																
Bank charges	1 457 752	1 055 614	-	-	-	2 513 366	133 017	96 323	-	-	-	229 340				
Actuarial fees	7 309 648	30 371 686	-	-	-	37 681 334	7 309 648	812 183	-	-	-	8 121 831				
Audit fees	12 358 679	39 769 293	-	-	-	52 127 972	12 358 679	1 373 187	-	-	-	13 731 866				
IPEC levies	-	40 158 761	-	-	-	40 158 761	225 505	4 305 280	-	-	-	4 305 280				
Legal fees	307 678	-	-	-	-	307 678	-	-	-	-	-	225 505				
Fines and Penalties	-	31 632 939	-	-	-	31 632 939	-	160 000	-	-	-	160 000				
Tax	-	2 101 430	-	-	-	2 101 430	-	511 720	-	-	-	511 720				
Other (ZAPF Subscriptions)	-	1 328 724	-	-	-	1 328 724	-	231 000	-	-	-	231 000				
Other (Conferences & seminars, Postage & ZAPF COP registration fees)	-	18 344 938	-	-	-	18 344 938	-	3 194 210	-	-	-	3 194 210				
Other (IPEC Licence renewal)	-	366 002	-	-	-	366 002	-	-	-	-	-	-				
Total Other expenses (I)	21 433 757	165 129 387	-	-	-	186 563 144	20 026 850	10 683 903	-	-	-	30 710 752				
Net Other Income / loss (H - I) = (J)	(21 433 757)	1 181 586 068	-	-	-	1 160 152 311	(20 026 850)	69 023 134	-	-	-	48 996 284				


STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS (continued)

For the year ended 31 December 2023

	Sub Account 1 2023 ZWS	Sub Account 2 ZWS	Sub Account 3 US\$	Total ZWS	Sub Account 1 2022 ZWS	Sub Account 2 ZWS	Sub Account 3 US\$	Total ZWS
Change in Net Assets excluding Membership Activities	78 683 295 113	2 430 325 377	-	81 113 620 490	7 034 602 148	195 205 551	-	7 229 807 699
Net increase/decrease in net assets during the year	77 758 856 245	10 189 190 928	-	87 948 047 173	6 918 869 600	658 581 824	-	7 577 451 424
Net assets available for benefits at beginning of year	9 096 882 166	908 849 425	-	10 005 731 591	2 178 012 566	250 267 601	-	2 428 280 167
Net Assets available for benefits at end of year	86 855 738 411	11 098 040 353	-	97 953 778 764	9 096 882 166	908 849 425	-	10 005 731 591


(Chairman)


(Trustee)


(Principal Officer)

11 April 2024

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

STATEMENT OF CASH FLOWS

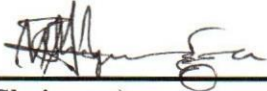
For the year ended 31 December 2023

	Notes	Total 2023 ZWS	Total 2022 ZWS
Cashflow from Membership Activities			
Cash flows from membership activities:			
Cash received from contributions	9 189 312 019	551 875 572	
Benefits paid	(924 836 321)	(125 262 880)	
Cash transferred from other funds		-	729 595
Cash transferred to other funds		(75 939 004)	(28 450 102)
Net cash flows from membership activities	8 188 536 694	398 892 185	
Cashflows Collected from Other operating Activities			
Other operating income		190 456 475	31 236 490
Cash paid to suppliers			
Actuarial fees		(37 681 334)	(8 121 831)
Audit fees		(9 748 419)	(9 342 178)
Legal fees		(307 678)	(225 505)
Levies & subscriptions paid		(41 487 485)	(4 536 280)
Staff expenses		(256 459)	-
Fines and penalties paid		(31 632 939)	(160 000)
Other operating expenses (IPEC Licence renewal):		(366 002)	
Bank charges		(2 513 366)	(229 340)
Postage, Conferences & Seminars and ZAPF COP registration fees		(18 344 938)	(3 194 210)
Net cashflow from other operating activities		48 117 855	5 427 146
Cashflow from Investing Activities			
Purchase of operating assets			-
Purchase of investment property		(1 215 811 315)	(17 215 178)
Purchase of financial assets		(4 192 509 752)	(1 075 323 851)
Proceeds from sale of investment property			-
Proceeds from sale of financial assets		191 727 815	747 865 697
Investment expenses paid		-	(108 779)
Property expenses paid		(98 745 520)	(7 901 093)
Rent received		757 592 086	59 373 546
Interest received		672 688 904	40 498 183
Dividends received		393 811 459	52 097 832
Investment management fees paid		(121 692 686)	(19 077 805)
Tax paid		(2 101 430)	(511 720)
Custody fees paid		(11 921 215)	(1 081 938)
Investment in loans, mortgages and long term loans (4 839 788 024)		(324 807 793)	
Net cash inflows/ (outflows) from investing activities		(8 466 749 679)	(546 192 899)
Net cash inflow / (outflow) for the year		(230 095 130)	(141 873 568)
Cash and cash equivalents at the beginning of the year		38 707 306	21 207 159
Exchange gains / (losses) on cash and cash equivalents		1 283 631 019	159 373 715
Cash and cash equivalents at the end of the year		1 092 243 195	38 707 306

MEMBERSHIP STATISTICS

For the year ended 31 December 2023

	2023	In Zimbabwe 2022	Outside Zimbabwe 2023	2022
1. Number of principal members at beginning of year				
(a) Active members	650	638		
(b) Pensioners (excluding beneficiaries)	203	194	2	2
(c) Deferred Pensioners	1078	1021		
	138	140	-	-
TOTAL	2 069	1 993	2	2
2. Principal Membership as at end of year				
(a) new entrants for the year	185	41	-	-
(b) active members ¹	544	575		
(c) deferred pensioners	1 127	1 076		
(d) pensioners ²	210	191		
(e) suspended pensioners ³	21	12		
(f) members with unclaimed benefits ⁴	2	2		
(g) transfers in ⁵	-	34		
Total Membership as at end of year	2 089	1 931	-	-
3. Beneficiaries as at end of year				
(a) Pensioners:				
Surviving Spouse	78	87		
Children	43	48		
Other dependents	-	-		
(b) Suspended pensioners:				
Surviving Spouse	14	3		
Children	1	-		
Other dependents	-	-		
Total Beneficiaries as at end of year	136	138	-	-
4. Exits as at end of year				
(a) Transfers out	6	3		
(b) Full commutations	46	12		
(c) Death	1	1		
(d) Other	-	-		
	53	16	-	-


(Chairman)


(Trustee)


(Principal Officer)

11 April 2024

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

DEBTORS' AGE ANALYSIS
As at 31 December 2023

	2023			2022		
	Rental Arrears	Contribution Arrears	Other (specify)	Rental Arrears	Contribution Arrears	Other (specify)
Below 30 days	13 667 864	-	-	1 662 233	-	-
between 31 days and 90 days	16 049 316	-	-	7 176 063	-	-
between 91 days and 180 days	1 842 730	-	-	2 027 769	-	-
181 days and above	18 831	-	-	12 699	-	-
Total at end of Reporting Period	31 578 741	-	-	10 878 764	-	-

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

UNCLAIMED BENEFITS AGE ANALYSIS

As at 31 December 2023

Less than 1 year	No. of Members Amount (ZWS)	
From 1-2 years	No. of Members Amount (ZWS)	
From 2 - 5 years	No. of Members Amount (ZWS)	2 1 444 824
From 6 - 10 years	No. of Members Amount (ZWS)	
More than 10 years	No. of Members Amount	
Total	No. of Members Amount (ZWS)	<hr/> 2 <hr/> 1 444 824 <hr/>

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

PRESCRIBED ASSETS

As at 31 December 2023

Prescribed Asset Investment Report

Type of Instrument	Name of Issuer	Date of Issue	Date of Purchase	Maturity Date	Purchase Price	Face Value of Investment	Interest received	Dividend received
Non - Current Assets								
Bond	CABS Budiriro Insurance & Pensions Housing Co	1-Feb-16	30-Jun-15	30-Apr-25	40 000	40 000	1 738	
Bond	African Century Bank	2-Jan-14	29-Mar-23	2-Jan-26 29-Mar-25	17 322 46 429 435	17 322 46 429 435	1 791 4 291 469	
Leasing bond	Bank of Zimbabwe		18-Oct-23	17-Oct-25	118 282 956	118 282 956	2 394 879	
Vaka/Yaka 2023 bond	Gold Coins		14-Jul-20		49 847 162 3 450 682 514 817	603 448 523 173 973 744 2 404 971 645	- -	157 434 192
Unquoted Equity	Zimcampus Properties							
Depository Receipts	AFREXIMBANK		3-Oct-22		343 737 658	544 034 747		
Preference shares	Eastern and Southern African Trade Fund		3-Aug-22		24 515 092	155 364 938		
Unquoted Equity	Great Zimbabwe Hydro							
	TOTAL				586 835 124	4 046 563 310	6 689 877	157 434 192
Current Assets								
Debtenture	Agrowth Farming Pvt		6-Jul-23	1-Apr-24	288 218 202	288 218 202	5 957 238	-
Debtenture	Agrowth Farming Pvt		10-Jul-23	5-Mar-24	264 336 480	264 336 480	15 474 299	
Leasing bond	African Century Bank		28-Sep-23	28-Sep-24	369 870 760	369 870 760	11 730 304	
Bond	Untu Capital		27-Oct-23	23-Jul-24	170 891 361	170 891 361	3 968 070	
	TOTAL				1 093 316 803	1 093 316 803	37 129 911	-

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

SPONSORING EMPLOYER'S CONTRIBUTION ARREARS

As at 31 December 2023

<u>Sponsoring Employers</u>	<u>Availability of Certified Repayment Agreement (Y/N)</u>	<u>Contribution Arrears</u>				<u>Total</u>
		<u>30 days and below</u>	<u>between 31 days and 90 days</u>	<u>between 91 days and 180 days</u>	<u>181 days and above</u>	
ZB Financial Holdings	N/a	-	-	-	-	-
ZB Bank	N/a	-	-	-	-	-
ZB Life Assurance	N/a	-	-	-	-	-

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

NON-RESIDENT ASSETS (US\$ VALUES)
For the year ended 31 December 2023

	Sub Account 1 2023 US\$	Sub Account 2 US\$	Sub Account 3 US\$	Total US\$	Sub Account 1 2022 US\$	Sub Account 2 US\$	Sub Account 3 US\$	Total US\$
Non-Current Investments								
Equities:								
Quoted			1 047 938				844 150	
Unquoted			89 118				28 534	
Prescribed assets:			70 000				-	
Bonds								
Total Non-current investment assets	-	-	1 207 056	-	-	-	872 684	-
Current Investment Assets								
Prescribed assets			203 250				50 000	
Money market investments			793 667				258 484	
Cash on hand and at bank			106 598				6 121	
Total current investment assets	-	-	1 103 515	-	-	-	314 605	-
Sundry debtors								
Rental arrears			5 171				14 190	
Interest receivable			20 906				994	
Other (SMS Alert fees wrongly charged)			1				-	
Total sundry debtors	-	-	26 078	-	-	-	15 184	-
Total Assets	-	-	2 336 649	-	-	-	1 202 473	-

1. Nature of business

ZB Financial Holdings Group Pension Fund (“the Fund”) is registered in Zimbabwe and provides benefits for members on their retirement and for dependants of members in the event of the death of such members as determined by the Fund’s constitution. The fund is self-administered, and its registered office and principal place of business is **ZB Financial Holdings Head Office, 21 Natal Road, Avondale, Harare.**

The Fund was converted to a Defined Contribution Fund for all members with effect from 1 January 2008.

2. Changes in accounting policies, critical accounting judgements and key sources of estimation uncertainty

2.1 Changes in accounting policies

There were changes to the Fund’s accounting policies during the year ended 31 December 2023. Pensions and Provident Funds are now required to adopt reporting requirements of IAS26 “Accounting and Reporting by Retirement Benefit Plans”. For the year ended 31 December 2022, the Fund has adopted the fair value model in accounting for investments properties and investment securities, in previous periods these assets were accounted for using the cost model.

2.2 Critical accounting judgements and key sources of estimation uncertainty

Significant assumptions and estimations, as at the date of financial reporting, with material implications on the reported outturn and balances have been made in the following areas:

2.2.1 Critical judgements in applying the Fund’s accounting policies

In the process of applying the Fund’s accounting policies, which are described in note 3, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with under note 2.2.2 below):

- That the Fund will continue operating as a going-concern into the future, being able to generate or access resources to meet both regulatory and operational capital requirements.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

2.2.2.1 Fair value adjustments for financial liabilities

The fair value of financial liabilities carried at amortised cost has been approximated as the transaction cost due to lack of an active market for comparable instruments.

2.2.2.2 Valuation of investment properties

In the current year assets were revalued as at 31 December 2023 on the basis of valuations done by Southbay Real Estate (2022 – Southbay Real State) who are independent valuers not related to the Fund and are members of the Royal Institute of Chartered Surveyors (RICS) and possess appropriate qualifications and recent experience in the valuation of similar assets. The valuation, which conforms to RICS Appraisal and Manual was arrived at by reference to market evidence of transactions for similar assets at the time of valuation after application of the following broad methodology;

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

2. Changes in accounting policies, critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.2 Key sources of estimation uncertainty (continued)

2.2.2.2 Valuation of investment properties (continued)

- The Investment Method was applied on all income producing properties. Market capitalization rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market.
- The Direct Comparison Method was applied on all residential properties, including marine equipment. Southbay identified various properties that have been sold or
- Which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square meter of MSE.

Rental and investment yield assumptions where as follows:

	Average rentals per square metre	2023 Average investment yield	Average rentals per square metre	2022 Average investment yield
Office	ZW\$39 681-ZW\$54 943	8%-13%	ZW\$1 944-ZW\$2 778	8.5%-10%
Retail	ZW\$109 885-ZW\$170 932	6%-10%	ZW\$1 900-ZW\$3 160	7.8%-13%
Industrial	ZW\$30 524-ZW\$45 785	8.5%-11%	ZW\$1 400-ZW\$2 168	8.5%-13%

The financial effect of the revaluation exercise is indicated below:

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Fair value adjustment on investment properties	<u>54 242 437 856</u>	<u>4 804 149 755</u>

3. Summary of significant accounting policies

The principal accounting policies adopted by the Fund, which are set out below, have been consistently followed in all material respects and are in accordance with International Financial Reporting Standards.

3.1 Basis of preparation

3.1.1 Reporting currency

The Financial Statements of the Fund are presented in Zimbabwean (ZW\$), which was the Fund's functional currency as at the reporting date. All information presented has been rounded off to the nearest dollar.

Following the adoption of the multi-currency system in January 2009, all local notes in issue and balances transacted through local payment platforms were rated at par with the US\$. The exchange of these balances against external obligations was done through an allocation system which was controlled by the Reserve Bank of Zimbabwe and delays were often experienced due to competing demands whilst substantially higher rates obtained in the alternative markets and became the basis for a multi-tier pricing regime that became pervasive in the Zimbabwean economy.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

3.1.1 Reporting currency (continued)

Following the Monetary Policy Statement of 20 February 2019, the Government of Zimbabwe issued Statutory Instrument (SI) 32 and 33 of 2019 on 22 February 2019 together with Exchange Control Directive RU28 of 2019, the effects of which were to:

- a) Formally recognise local unit monetary balances in the form of bank balances, balances on electronic payment platform and local bond notes as a currency distinct from the US\$. These were subsequently named RTGS Dollars (otherwise identified as ZWL or ZW\$).
- b) Create a base upon which the RTGS Dollars were to be allowed to trade against the US\$ or any other foreign currencies on the interbank market at a floating rate.

Consequently, the new RTGS Dollars started to trade officially with the USD on 22 February 2019 and the maiden rate of USD1:ZWL2.5 was established. The maiden floating rate was presumed to have subsisted from the beginning of the year as practical expedience (deemed rate), the Fund did not have material transactions in foreign currency between 1 January 2019 and 22 February 2019 to warrant an extensive process of separate identification and translation of these transactions at any other rate outside the “deemed” rate.

3.1.2 Statement of compliance

The Fund’s Financial Statements as at 31 December 2023 do not comply with International Financial Reporting Standards (IFRSs) as the preparation of the financial statements, is not in conformity with IAS 29 “Financial Reporting in Hyperinflationary Economies” as required by International Financial Reporting Standards (IFRSs) and IAS 21 - “The Effect of Changes in Foreign Exchange Rates”.

On 1 June 2022, Insurance and Pensions Commission (IPEC) issued Circular 24 of 2022 directing all Pension and Provident Funds to new financial reporting requirements that will require sector specific reporting from the full IFRS based reporting that was done in the prior year. The new financial reporting requirements are summarised below;

- i) IAS 29 – Financial Reporting in Hyperinflationary Economies will no longer be mandatory.

The guideline requires only pension funds with adequate resources to comply with IAS 29 to do so but those without resources can opt not to.

- ii) Adoption of IAS 26 (Accounting and Reporting by Retirement Benefit Plans).

- Changes to Statement of Comprehensive Income – the Statement of Comprehensive Income to be replaced by Statement of Change in Net Assets available for Benefits. The proposed changes will result in the Income renamed to Income from membership activities and expenses to Benefits and payments resulting in Net membership Income or loss which was previously the Surplus. The Statement of Changes in Net Assets will show the Net assets available for benefits at the year after adding net investment income and net other income.
- Changes to Statement of Financial Position – the Statement of Financial Position will be renamed Statement of Net Assets available for benefits which will show the surplus/deficit at the bottom after deducting actuarial liabilities from net assets available at the year end.
- Changes to Cash flow statement. – separated cashflow from membership activities from other cashflow activities otherwise everything remains the same.

The Fund complied with the directive from IPEC and opted to prepare the financial statements using the sector specific financial reporting which will not include IAS 29 figures.

The Financial Statements were authorised for issue by the Board of Trustees.

3. Summary of significant accounting policies (*continued*)

3.2 Revenue recognition

The Fund recognises revenue from contracts with customers as follow:

- a) Over time - revenue is recognised as the services are provided, that is where the customer simultaneously receives and consumes the benefits provided by the Fund's performance as the Fund performs.
- b) At point in time - when the transaction takes place, that is when the Fund has satisfactorily discharged the performance obligation.
- c) Revenue contracts outside the scope of IFRS 15 such as financial instruments, insurance contracts and leases are recognised according to the applicable standards.

3.2.1 Contributions

Contributions are brought to account on the accrual basis except for voluntary contributions, which are recorded in the period in which they are received.

3.2.2 Interest income and expense

Interest income and expense arises from the Fund's lending and money market activities.

The Fund recognises interest income and expense in profit or loss using the effective interest method.

3.2.2.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

3.2.3 Trading income

The Fund includes profits, losses and fair value adjustments on financial instruments both realised and unrealised, in income as earned, when the risks and rewards of ownership have passed.

3.2.4 Fees and commission income

Performance obligations and revenue recognition policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Fund recognises revenue when it transfers control over a service to a customer.

Fees and commission income that are an integral part to the effective rate of a financial asset are included in the measurement of the effective interest rate, and specifically excluded from IFRS 15.

Fees and commissions related to transactions arises when the transaction takes place and is recognised at the point in time.

3.2.5 Dividends

The Fund recognises dividends on the "last day to trade" for listed shares, and on the "date of declaration" for unlisted shares.

3. Summary of significant accounting policies (continued)

3.3 Financial instruments

The Fund recognises financial assets or financial liabilities on its statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

3.3.1 Classification of financial assets

Financial assets are classified into the following specified categories:

- financial assets 'at fair value through profit or loss' (FVTPL),
- financial assets at fair value through other comprehensive income (FVTOCI) and
- financial assets at amortised cost (AMCO)

The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics at the time of initial recognition. Financial assets are subsequently measured at either amortised cost or fair value.

3.3.1.1 Financial assets at FVTPL

On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These financial assets are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets at FVTPL are measured at fair value, with any resultant gain or loss recognized in profit or loss.

3.3.1.2 Financial assets at FVTOCI

The Fund applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
 - The contractual terms of the financial asset meet the SPPI test
- Gains and losses arising from changes in fair value are recognized directly in other comprehensive income in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss.

3.3.1.3 Financial assets at amortised cost

Investments are recorded using the effective interest method less any impairments with revenue being recognised on an effective yield basis.

From 1 January 2018, the Society only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

3. Summary of significant accounting policies (continued)

3.3 Financial instruments (continued)

3.3.1.4 Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset transfer to another entity.

If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and any associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of:

- the consideration received and
- any cumulative gain or loss that has been recognised in other comprehensive income,
- is recognised in profit or loss.

3.3.2 Impairment of financial assets

The Fund's credit impairment methodology uses the forward-looking expected credit loss (ECL) approach. The Fund is recording the allowance for expected credit losses for all debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

Objective evidence of impairment for a portfolio of receivables includes the Fund's prior loss experience, an increase in the number of delayed payments in the portfolio past the average credit period, the size and diversity of the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The Fund takes the simplification available under IFRS 9 paragraph 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD). The assessment of credit risk and the estimation of ECL are unbiased, probability-weighted and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date.

3.3.3 Provisions and other financial liabilities

3.3.3.1 Provisions

The Fund recognises liabilities, including provisions,

- when it has a present legal or constructive obligation as a result of past events.
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- a reliable estimate of the amount of the obligation can be made.

3.3.3.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method,

with interest expense recognised on an effective yield basis.

3. Summary of significant accounting policies (*continued*)

3.3.3.3 Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

3.3.4 Offsetting financial instruments

The Fund offsets financial assets and liabilities and reports the net balance in the statement of financial position where;

- there is a legally enforceable right to set off;
- there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.3.5 Fair value of financial instruments

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices, and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The valuation technique used depends on the nature of the financial instrument.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

3.4 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of Fund companies at exchange rates at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Summary of significant accounting policies (continued)

3.4 Foreign currency transactions (continued)

Exchange profits or losses are recognised in the profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings; or
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purposes of the financial statements, the assets and liabilities of the Fund's foreign operations are expressed in Zimbabwean dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which circumstances the exchange rates at the dates of transactions are used. Exchange differences arising from the translation process are classified as equity and recognised in the Fund's foreign currency translation reserve until the foreign operation is disposed of, at which point the reserve is recognised in profit or loss.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Leases

The Fund assesses whether a contract is or contains a lease, at inception of the contract.

3.5.1 The Fund acting as lessor

The Fund enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Fund is a lessor are classified as finance leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

When the Fund is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance lease by reference to the right-of-use asset arising from the head lease.

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Fund's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Fund's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Fund applies IFRS 15 to allocate the consideration under the contract to each component.

3.6 Dividends on ordinary shares

Dividends are recorded when the Fund establishes the right to receive the dividend, consequently dividends are recognised on the "last day to trade" for listed shares, and on the "date of declaration" for unlisted shares.

3. Summary of significant accounting policies (continued)

3.7 Investment property

Investment property is property held to earn rentals and / or for capital appreciation, rather than property held for sale in ordinary course of business or use in production, supply of goods and services or for administrative purposes, and includes vacant land with an undetermined future use. Investment property is initially measured at cost and subsequently at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the properties revaluation reserve is transferred to retained earnings.

3.8 Related parties

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

An entity is a related party to the Fund if that entity is part of ZB Financial Holdings Limited and / or related to a significant non-controlling interest as a subsidiary, associate, joint venture or post-employment benefit plan. The Fund has related party relationships. Transactions and balances are reflected in note 21.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Transactions with related parties are conducted on an arm's length basis.

3.9 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with local banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.10 Pension obligations

The Fund is a self-administered defined contribution fund run by a Board of Trustees. Actuarial valuations are carried out by independent qualified actuaries as and when determined by Trustees.

The pension plan is funded by payments from the employer and employees, taking into account the recommendation of the actuaries.

3.11 Impairment

The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized in the income and expenditure statement whenever the carrying amount of an asset exceeds its recoverable amount.

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.12 Taxation

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

4. Investment properties

4.1 Investment properties held at FVTPL

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022S ZWS
Balance at beginning of year	5 948 781 874	1 127 416 941
Additions	3 413 222	17 215 178
Fair value adjustment	54 242 437 856	4 804 149 755
Balance at end of year	<u>60 194 632 952</u>	<u>5 948 781 874</u>

4.2 Measurement of fair value

The fair value of the Fund's investment properties as at 31 December 2023 was arrived at on the basis of valuations carried out by independent professional valuers, Southbay Real Estate (2022: Southbay Real Estate). The valuation, which conforms to International Valuation Standards, was in terms of accounting policy 3.7 and was derived with reference to market information close to the date of the valuation. "The qualified valuers determined property values in USD and converted to local currency at ruling interbank exchange rate at 31 December 2023."

The fair values of the Fund's investment properties are categorised into Level 3 of the fair value hierarchy as described in note 3.4.5.

4.3 Valuation techniques and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
<p>The Investment Method was applied on all income producing properties. Market capitalization rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market.</p> <p>The Direct Comparison Method was applied on all residential properties, after Southbay identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square meter of MSE.</p>	<p>Average rentals per square metre – ZW\$30 524 to ZW\$170 932 (2022: ZW\$1 400 to ZW\$3 160)</p> <p>Average investment yield – 6% to 20% (2022: 8% to 20%).</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Expected market rental growth were higher (lower) • Void period were shorter (longer) and • Occupancy rate were higher (lower)

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

4. Investment properties (continued)

4.5 List of investment properties

Investment properties consist of properties managed by the Fund, Old Mutual Investments Group Zimbabwe (Private) Limited (“Old Mutual”) and ZB Life Assurance Company Limited (“ZB Life”).

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Old Mutual:		
Lange property	15 650 017 000	1 710 974 171
ZB Life:		
75 Broadlands Road, Emerald Hill, Harare	1 974 000 000	207 000 000
14 Somerset Mews, Newlands, Harare	1 470 000 000	153 000 000
Hampton Court	469 504 952	44 188 703
Fund:		
Sun River Manors, Borrowdale Brooke, Harare	2 940 000 000	288 000 000
Zvishavane property	4 096 339 000	424 202 000
Rufaro Gardens, Mt Pleasant, Harare	1 386 000 000	144 000 000
400 Boulder Ridge, Kariba	607 500 000	63 000 000
Shurugwi property	934 815 000	103 664 000
Stand 119 Northwood, Mt Pleasant, Harare	5 082 000 000	540 000 000
Number 10 Oleander Close, Kariba	648 000 000	67 500 000
Stand 636 Nyamhunga Township, Kariba	752 585 000	83 456 000
Stand 637 Nyamhunga Township, Kariba	577 497 000	64 040 000
Stand 18 Nyanga Township, Nyanga	1 477 567 000	154 749 000
Riverside Walk, Avondale, Harare	4 884 977 000	541 708 000
Stand 573 Bindura	607 500 000	63 000 000
Stand 613 of Derbyshire Township, Harare	5 098 800 000	546 300 000
Plot 27, Glen Forest, Harare	11 537 531 000	750 000 000
	<u>60 194 632 052</u>	<u>5 948 781 874</u>

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

5. Bonds and debentures at amortised cost

Bonds and debentures consist of assets managed by;

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Fund:		
Insurance and Pensions Housing Company bond	8 934	8 934
	<u>8 934</u>	<u>8 934</u>
ZB Life:		
Infrastructural Development Bank of Zimbabwe Bond	118 282 956	-
Insurance and Pensions Housing Company bond	4 865	4 865
Agrowth debenture	552 554 682	33 572 330
African Century Bank – Leasing bond	423 230 195	-
Origen Note	-	50 000 000
	<u>1 094 072 698</u>	<u>83 577 195</u>
Old Mutual:		
Insurance and Pensions Housing Company bond	3 523	4 931
CABS Building Society – Budiro Housing bond	40 000	40 000
Untu Capital Limited – foreign bond	170 891 361	-
	<u>170 934 884</u>	<u>44 931</u>
Total bonds and debentures at Amortized cost	<u>1 265 016 516</u>	<u>83 631 060</u>
6. Mortgage loans at amortised cost		
Mortgage loans consist of;		
Housing scheme	<u>4 839 788 024</u>	<u>403 939 281</u>

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

7. Guaranteed fund at amortised cost

The guaranteed fund is a pool investment that is managed by Old Mutual Life Assurance Company. The guaranteed fund provides investors with guarantees on capital invested. Investment returns are declared each year by the Board of Trustees in the form of a bonus.

The non-vested bonus arises from the unrealised capital appreciation of the assets held by Old Mutual Life Assurance Company. At the end of each year 10% of the balance in this account is transferred to the Guaranteed Fund.

	Historical cost	
	31 Dec 2023	31 Dec 2022
	ZWS	ZWS
Guaranteed fund balance	2 446 544 835	244 153 237
Non-vested bonus balance	5 708 604 616	569 690 886
	<u>8 155 149 451</u>	<u>813 844 123</u>
 Guaranteed fund at amortized cost		
Balance at beginning of year	244 153 237	13 401 806
Investment fees	(34 147 418)	-
Inter-fund transfer	2 236 539 016	230 751 431
Balance at end of year	<u>2 446 544 835</u>	<u>244 153 237</u>
 Non-vested bonus balance movement		
Balance at beginning of year	569 690 886	217 252 401
Surplus for the year	7 375 452 746	587 018 762
Investment fees	-	(3 828 846)
Inter-fund transfer	(2 236 539 016)	(230 751 431)
Balance at end of year	<u>5 708 604 616</u>	<u>569 690 886</u>

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

8. Equity investments at fair value through profit or loss

Investment securities at FVTPL consist of listed and unlisted equity investments.

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
8.1 Listed equity investments classified at FVTPL		
Non-Prescribed;		
Balance at beginning of year	1 381 347 033	889 950 088
Additions	757 067 765	146 459 102
Disposals	(3 144 768)	(8 269 802)
Fair value adjustment	11 483 633 163	353 198 645
Balance at end of year	<u>13 618 903 193</u>	<u>1 381 347 033</u>
Prescribed;		
Balance at beginning of year	250 596 159	40 556 140
Additions	-	-
Disposals	-	-
Fair value adjustment	2 154 375 486	210 040 019
Balance at end of year	<u>2 404 971 645</u>	<u>250 596 159</u>
Listed equity total balance at end of year	<u>16 023 874 838</u>	<u>1 631 943 192</u>
8.2 Unlisted equity investments classified at FVTPL		
Non-Prescribed;		
Balance at beginning of year	-	-
Additions	-	24 515 092
Fair value adjustment	-	(1 747 136)
Balance at end of year	<u>-</u>	<u>22 767 956</u>
Prescribed;		
Balance at beginning of year	62 044 379	2 774 352
Additions	350 539 086	19 364 347
Fair value adjustment	460 789 964	17 137 724
Balance at end of year	<u>873 373 429</u>	<u>39 276 423</u>
Total equity investments at FVTPL	<u>16 897 248 267</u>	<u>1 693 987 571</u>

8.3 Measurement of fair value

The fair value of the Fund's listed equity investments had been determined by reference to the ruling stock market price on the ZSE and SEM as at close of business on 31 December 2023. The fair value of listed equities has been categorised into Level 1 of the fair value hierarchy. The fair value of the Fund's unlisted equity was determined by reference to the issue price of the unlisted equity. The fair value of the unlisted equity has been categorised into Level 3 of the fair value hierarchy.

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

9. Gold coins investments at fair value through profit or loss

9.1 Gold coins investments classified at FVTPL

Gold coins investments at FVTPL consist of Gold coins and digital tokens investments held by Old Mutual Investment Group and ZB Life Assurance. The coins track the value of Gold at the London Bullion Market.

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Balance at beginning of year	50 014 855	-
Additions	108 204 465	40 642 375
Disposals	-	-
Fair value adjustment	548 794 596	9 372 480
Balance at end of year	707 013 916	50 014 855

9.2 Measurement of fair value

The fair value of the Fund's Gold coins investments had been determined by reference to the ruling market price on the London Bullion Market as at close of business on 31 December 2023. The fair value of the investment securities has been categorised into Level 1 of the fair value hierarchy.

10. Sundry debtors and other receivables

Sundry debtors and other receivables consist of;

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Rent receivable	31 571 741	10 878 764
Dividends receivable	-	2 284 857
Interest receivable	56 603 393	5 382 643
Other debtors	34 281 597	6 959 363
	122 456 731	25 505 627

11. Money market investments

The Fund held money market investments with the following:

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
ZB Bank Limited	4 295 855 322	189 144 237
ZB Life	103 985 566	722 054 869
Old Mutual	457 688 208	62 840 593
	4 857 529 096	974 039 699

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

12. Cash and cash equivalents

Cash and cash equivalents comprise of;

	Historical cost	
	31 Dec 2023	31 Dec 2022
Cash at bank	1 008 085 287	23 889 720
Call account	84 157 908	14 817 586
	<u>1 092 243 195</u>	<u>38 707 306</u>

13. Provisions and other accruals

Arrear pension benefits	9 948 194	1 946 351
Lump sum withdrawal benefits	1 654 707	2 538 453
Provision for audit fees	47 616 836	5 237 283
Prepaid rent	29 167 766	955 006
Two thirds pension capital value transfer returned due to invalid account	-	10 194 126
Investment fees	67 183 276	5 695 458
Custodial service fees	1 757 475	152 652
Amount credited in error	66 832	-
Mortgage protection premiums deducted in error	118 488	-
Loan repayments deducted in error	112 704	-
Surplus from ZIMRA payments posted in error	2 198	-
Excess June 2023 pension contributions received	5 281 622	-
Part one-third VDS commutation due	759 150	-
Dividends received in error for ZBFH and Meikles shares	8 921 014	-
ZB Sports Club pension contributions	111 511	-
Excess net rent received	4 584 630	476
	<u>177 306 403</u>	<u>26 719 805</u>

14. Contributions during the year

By members;		
- Current	3 921 147 322	235 955 308
- Voluntary	301 920	257 920
By employers;		
- Normal	3 921 147 322	235 955 308
Towards expenses	1 346 715 455	79 707 036
	<u>9 189 312 019</u>	<u>551 875 572</u>

15. Income from investments

Dividends	391 526 602	54 302 908
Interest on money market instruments	647 514 218	40 216 544
Bank interest	2 480 973	163 994
Fixed interest	73 914 463	117 645
Guaranteed fund non vested bonus	7 375 452 746	587 018 762
	<u>8 490 889 002</u>	<u>681 819 853</u>

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

		Historical cost	
		31 Dec 2023	31 Dec 2022
		ZWS	ZWS
16.	Net surplus on sale or redemption of investments		
	Net surplus on sale or redemption of investments	<u>188 583 048</u>	<u>862 219 693</u>
17.	Fair value adjustments		
	Fair value adjustments on;		
	Investment properties	54 242 437 856	4 804 149 755
	Listed equities	14 098 798 613	578 629 252
	Unlisted equities	460 789 964	15 390 588
	Gold coins	548 794 596	9 372 480
		<u>69 350 821 030</u>	<u>5 407 542 075</u>
18.	Other income		
	Rental	744 539 667	68 882 266
	Housing scheme interest	190 456 475	31 236 490
	Foreign currency translation gain	1 283 631 019	159 373 715
	Outstanding refunds deferred	-	4 237
	Outstanding additional withdrawal benefits deferred	-	4 237
	Amounts received on Life insurance claims	-	729 595
	Total	<u>2 218 627 161</u>	<u>260 230 540</u>
	Total income	<u>89 438 232 260</u>	<u>7 763 687 733</u>
19.	Benefits paid		
	Pensions	173 167 874	38 026 899
	Lump sum awards on resignations and dismissals	59 612 793	18 757 426
	Commutations paid	699 193 751	39 474 432
	Additional withdrawal benefits	-	554 021
	Amounts transferred to other funds	75 939 004	28 450 102
		<u>1 007 913 422</u>	<u>125 262 880</u>
20.	Administration expenditure		
	Investment advisors	183 180 504	21 083 215
	Subscriptions	1 328 724	231 000
	Consultancy fees	37 681 334	8 121 831
	Custodial fees	13 526 038	1 169 590
	Levy - IPEC	40 158 761	4 305 280
	Tax payable	2 101 450	511 720
	Agency fees on purchase of gold coins	-	108 779
	Audit fees	52 127 972	13 731 866
	Bank charges	2 513 366	229 340
	Legal fees	307 678	225 505

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

20. Administration expenditure (continued)

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Property expenses:		
Property management fees	52 121 025	3 128 191
Repairs and maintenance costs	19 540 324	2 293 541
Other property expenses	27 084 171	2 479 361
IPEC Penalty fees on late submission of financial statements	31 632 939	160 000
Postage	-	155 700
Conferences and seminars	18 344 938	2 738 510
ZAPF COP registration	-	300 000
IPEC License renewal fees	366 002	-
Staff GLA premiums	256 459	-
Total	482 271 685	60 973 429
Total expenditure	1 490 185 107	186 236 309

21. Related party transactions

Transactions between the Fund and other related parties are carried out at arm's length and follow the normal vetting processes established in the ZB Financial Holdings Group.

The following is a list of related parties to the Fund:

<u>Party</u>	<u>Relationship</u>
ZB Financial Holdings Limited ("ZBFH")	Participating employer
ZB Bank Limited ("ZB Bank")	Participating employer, investment manager, tenant
ZB Life Assurance Limited ("ZB Life")	Participating employer, investment manager

21.1 Income and expenses from related parties

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Income:		
Interest received from ZB Bank		
- Cash at bank	2 480 973	163 994
- Money market investments	458 778 002	31 868 781
Interest received from ZB Life		
- Bonds	69 940 974	2 665
- Debentures	-	110 375
- Money market	166 731 445	7 363 821
Rent received from ZB Life		
- 75 Broadlands Road, Emerald Hill, Harare	35 314 654	3 307 020
- 14 Sommerset Mews, Newlands, Harare	43 824 823	1 720 579
- Hampton Court	29 995 081	3 077 607
Rent received from ZB Bank		
- Stand 573 Bindura	10 418 805	1 056 829
- 400 Boulder Ridge, Kariba	8 335 043	845 463
- 10 Oleander Close, Kariba	12 502 565	1 268 194

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21. Related party transactions (continued)

21.1 Income and expenses from related parties (continued)

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
- Stand No. 636 Nyamhunga Township, Kariba	12 502 565	1 268 194
- Stand No. 637 Nyamhunga Township, Kariba	10 418 805	1 056 829
- Shurugwi	27 088 892	2 747 755
- Zvishavane property	104 188 045	10 568 287
- Nyanga property	37 507 696	3 804 583
- Riverside Walk	75 015 392	7 609 167
Expenditure:		
ZB Life investment management fees	43 424 027	6 370 363

Balances with related parties

The following balances relate to balances held and investments managed by related parties;

ZB Life – Debentures	651 744 145	33 572 330
ZB Life - IDBZ bond	124 489 331	-
ZB Life - IPHC bond	5 810	4 865
ZB Life – Leasing bond	748 588 485	-
ZB Life - Origen Note	-	50 000 000
ZB Life - Gold coins and digital tokens	340 646 315	24 356 725
ZB Bank - Money market investment	4 295 855 322	189 144 237
ZBFH - Equities	948 396 606	124 854 478
ZB Life - Money market	103 985 566	722 054 869
ZB Life quoted local equities	4 959 888 480	366 927 574
ZB Life quoted foreign equities	1 375 214 602	130 337 345
ZB Life - Fixed property	3 913 504 952	404 188 703
ZB Life - Cash on hand	4 533 381	3 308 125
ZB Bank - Cash at bank	1 008 085 287	23 889 720
Total	<u>18 474 938 282</u>	<u>2 072 638 971</u>

22. Risk management

22.1 Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that there are adequate cash resources to meet its commitments. This will particularly be the case for cash to meet the pensioner benefits payments; and cash to meet investment commitments. The Fund has immediate access to its cash holdings.

Investment properties are the only assets in the Fund which cannot be liquidated within a month. These amounted to 61.34% of the Fund's Assets at 31 December 2022 (2022: 59.3%). The remaining can all be liquidated within a month.

22.2 Market risk

Market risk arises from adverse movements in the marketplace which cause interest rate, foreign exchange rate and equity price fluctuations in the markets in which the Fund operates. The ongoing

22. Risk management (continued)

22.2 Market risk (continued)

economic uncertainty that has been caused by the Russia/ Ukraine war presents an increased risk to the Fund achieving these targets. As such, the Fund continues to invest its assets in a broad range of asset classes in terms of geographical and industry sectors and individual securities which are expected to produce returns above their benchmarks over the long term, albeit with greater volatility. This diversification reduces exposure to market risk an acceptable level.

The aim of the investment strategy is to maximise the opportunity for gains across the whole Fund's portfolio within a tolerable level of risk of an overall reduction in the value of the Fund. Responsibility for the Fund's investment strategy rests with the Pensions Sub-Committee and is reviewed on a regular basis.

22.2.1 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The Fund held ZW\$12 054 576 830 in interest sensitive assets as at 31 December 2022 (2022: ZW\$1 500 317 346) with a 10% change in interest rates resulting in assets increasing or decreasing by ZW\$91 436 613.

22.2.2 Foreign currency exchange risk

Foreign currency exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the Zimbabwe dollar. The Fund recognises that a strengthening/weakening of the local currency against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits.

For the year ended 31 December 2023 the Fund was exposed to foreign currency exchange risk through a bank account which it holds with ZB Bank Limited. At 31 December 2023, the foreign currency denominated account had a balance of US\$106 598 (2022: US\$6 121).

22.2.3 Equity price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to equity price risk. This arises from equity investments held by the Fund for which the future price is uncertain. All securities represent a risk of loss of capital. The maximum risk resulting from financial instruments (with the exception of the derivatives where the risk is currency related) is determined by the fair value of the financial instruments. The Fund's investment managers aim to mitigate this price risk through diversification and the selection of securities and other financial instruments.

As at 31 December 2023 the Fund held listed equity investments with a fair value of ZW\$16 023 874 838 (2022: ZW\$1 631 943 192). A 10% change in the price of listed equities would result in assets increasing or decreasing by ZW\$1 602 387 484 as at 31 December 2023 (2022: ZW\$163 194 319).

22. Risk management (continued)

22.3 Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

23. Going concern

Trustees undertake regular assessment of whether the Fund is a going concern in the light of current economic conditions and all available information about future risks and uncertainties.

The projections for the Fund have been prepared, covering its future performance, capital, and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. Whilst aggregate risk has been assessed as a whole, risks in the following areas continue to remain under close monitoring:

- a) Liquidity risk – mismatches may arise between assets and liabilities due to changed business models for tenants who provide regular payments. The Fund is forced to maintain a significant liquidity buffer in the short-term and this may affect other investing activities.
- b) Market risk – the valuation of equity investments maybe affected through an unfavourable underlying performance fundamental as a result of inconsistent macro-economic policy changes. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Fund does not hold any derivative instruments which may be exposed to secondary risks. Additionally, there may be a market wide requirement to re-price instruments which may affect the Fund's investment portfolio of interest rate sensitive instruments.

Based on preliminary assessments Trustees believes that the Fund is likely to achieve its performance targets for the year 2024 and beyond. Consequently, the financial statements for the year ended 31 December 2023 have been prepared on a going-concern basis.

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
NOTES OF THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

24. Prescribed assets

The provisions of section 34(2a) of the Pension and Provident Funds Act (Chapter 24:09) state that a registered Pension fund that is not an insurance company scheme shall at all times hold and maintain investment in approved securities, of not less than the prescribed amount of the aggregate fair value of all its assets in Zimbabwe. However, on the 2nd of February 2009, the Government reviewed the prescribed asset ratio, through a Circular, to 10%, though the requirement was suspended for the period to 31 December 2009, and thus was effective beginning 1 January 2010. The Prescribed Assets status levels were further revised to 20% in the 2019 National Budget by the Minister of Finance and Economic Development on 22 November 2018. The deadline date for compliance was set at 31 December 2019. The Fund was not compliant with this statutory requirement with a 5.65% ratio of the prescribed assets to total assets as at 31 December 2023. The prescribed assets were as follows:

	Historical cost	
	31 Dec 2023 ZWS	31 Dec 2022 ZWS
Fund:		
Insurance and Pensions Housing Company bond	14 226	8 934
	<u>14 226</u>	<u>8 934</u>
ZB Life:		
Infrastructural Development Bank of Zimbabwe bond	124 489 331	-
Insurance and Pensions Housing Company bond	5 810	4 865
Agrowth debenture	651 744 145	33 682 979
Gold coins	340 646 315	24 356 725
African Century Bank – leasing bond	748 588 485	-
Origen Note	-	50 000 000
	<u>1 865 474 086</u>	<u>108 044 569</u>
Old Mutual:		
AFREXIMBANK Depository receipts	2 404 971 645	250 596 159
Insurance and Pensions Housing Company bond	3 654	4 931
CABS Building Society Budiriro	41 738	40 000
Zimcampus Properties unquoted equity	173 973 744	20 117 131
Eastern and Southern African Trade Fund -Preference shares	544 034 747	19 159 292
Gold coins	366 367 601	25 658 130
Untu Capital Limited – Untu34 bond	187 109 748	-
	<u>3 676 502 877</u>	<u>315 575 643</u>
Total prescribed assets	<u>5 541 991 189</u>	<u>423 629 146</u>

ZB FINANCIAL HOLDINGS GROUP PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 December 2023

24. Prescribed assets *(continued)*

	Historical cost	
	31 Dec 2023	31 Dec 2022
	US\$	US\$
US dollar denominated prescribed assets consists of;		
Old Mutual Investment Group Zimbabwe (Pvt) Ltd:		
AFREXIMBANK Depository receipts	393 953	373 218
Eastern and Southern African Trade Fund preferences	89 117	28 534
Untu Capital Limited – Untu34 bond	30 650	-
	513 720	401 752
ZB Life Assurance Company Ltd		
Agrowth debentures	105 929	50 000
African Century Bank – Leasing bonds	131 957	-
Infrastructure Development Bank of Zimbabwe – bond	23 594	-
	261 480	50 000
Total	775 200	451 752

25. Sub Account 3

As per the *Guideline for the Insurance and Pensions Industry* on adjusting insurance and pension values following the currency reforms of May 31, 2021, and the *Financial Reporting Guideline for the Pensions Industry* of March 2022, US dollar contributions and assets acquired should be presented either directly on the Financial Statements or in the accompanying Notes, along with any other IFRS disclosure requirements. Separate sub-accounts must be maintained, with foreign currency assets and liabilities recorded in Sub-account 3. The income, expenses, assets, and liabilities included in the Consolidated Financial Statements are detailed below.

Income and Expenditure

	Historical cost	
	31 Dec 2023	31 Dec 2023
	US\$	ZWS
Income;		
Contributions:		
Member	290 545	1 773 696 628
Employer	290 545	1 773 696 628
Employer contributions towards expense	94,561	577 268 674
Interest earned	9 893	60 394 021
	685 544	4 185 055 951
Expenditure		
Benefits		
Commutations	240	1 465 133
Lump sum awards on withdrawal/ resignation	195	1 190 421
GLA premiums	42	256 459
Other expenses:		

ZB FINANCIAL HOLDINGS GROUP PENSION FUND
 NOTES OF THE FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2023

	Historical cost	
	31 Dec 2023 US\$	31 Dec 2023 ZWS
25. Sub Account 3 (continued)		
Bank charges	120	732 567
Conferences and seminar	1 575	9 614 938
	<u>1 874</u>	<u>13 259 518</u>
Net assets available for benefits	<u>683 372</u>	<u>4 171 796 433</u>
Assets and Liabilities		
Assets:		
Money market investments	614 189	3 749 453 469
Cash and cash equivalents	70 449	430 071 602
Debtors:		
Interest receivable	607	3 705 567
SMS alert fees charged in error	1	6 776
	<u>685 246</u>	<u>4 183 237 414</u>
Total assets	<u>685 246</u>	<u>4 183 237 414</u>
Liabilities		
Sundry creditors;		
Dividend mis-post	1 461	8 919 000
Excess non-managers contributions received	413	2 521 987
	<u>1 874</u>	<u>11 440 981</u>
Total liabilities	<u>1 874</u>	<u>11 440 981</u>
Net assets available for benefits	<u>683 372</u>	<u>4 171 796 433</u>