

FINANCIAL STATEMENTS

31 DECEMBER 2023

AUDIT / TAX / ADVISORY

Smart decisions. Lasting value

LOCAL AUTHORITIES PENSION FUND

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31 December 2023

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LOCAL AUTHORITIES PENSION FUND

GENERAL INFORMATION

31 December 2023

NATURE OF BUSINESS:

Local Authorities Pension Fund (LAPF) ("the Pension Fund") is a self-administered defined benefit scheme and registered in terms of the Pension and Provident Funds Act (Chapter 24.32) operating in Zimbabwe. The Pension Fund's core business is to provide pension administration services to employees and beneficiaries of member Local Authorities.

TRUSTEES:

| | |
|-------------------|-----------------------|
| Mr. M Tshalebwa | Board Chairman |
| Mr. C Mabika | Deputy Board Chairman |
| Mr. B Matengarufu | Trustee Member |
| Mr. A Mugano | Trustee Member |
| Mr. B Nyabando | Trustee Member |
| Mr. A Chidzurira | Trustee Member |
| Mrs. E Mandiziba | Trustee Member |

PRINCIPAL OFFICER:

Mr. O. Pazvakawambwa

REGISTERED OFFICE:

10th Floor, Throgmorton House
Samora Machel Avenue
Harare

MAIN BANKERS:

Stanbic Bank Limited Zimbabwe
5 Sheffield Terrace
Second Street Extension
Belgravia
Harare

AUDITORS:

Crowe Chartered Accountants (Zimbabwe)
7 Avon Rise
Avondale
Harare

LAWYERS:

MawereSibanda Commercial Lawyers Trust
10th Floor, Chiedza House
Corner First Street & Kwame Nkrumah Avenue
Harare

LOCAL AUTHORITIES PENSION FUND

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS 31 December 2023

The Trustees of Local Authorities Pension Fund ("the Pension Fund") are responsible for the maintenance of adequate accounting records and the preparation of the financial statements comprising:

- Statement of comprehensive income, and statement of cashflows for the year ended 31 December 2023;
- Statement of financial position as at 31 December 2023;
- Membership statistics as at 31 December 2023
- A summary of significant accounting policies applied by the Pension Fund during the financial year ended 31 December 2023; and
- Notes (including all schedules) to the financial statements.

These have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the Pension and Provident Funds Act (Chapter 24:32). The Pension Fund's independent external auditors, Crowe Chartered Accountants ("Crowe") have audited the financial statements, and their report appears on pages **4** to **6**.

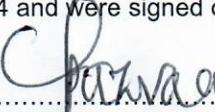
The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Pension Fund and of the Pension Fund's net assets in accordance with the Pension and Provident Funds Act (Chapter 24:32).

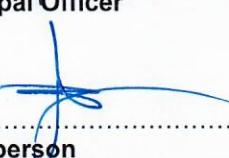
The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements. 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 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 except those reported by the auditor.

The financial statements are presented on a going concern basis. There is no information that has come to the attention of the Trustees to indicate that the Pension Fund will not remain a going concern for the foreseeable future.

Approval of the annual financial statements

The financial statements set out on pages **7** to **23** were approved by the Trustees on 26 February 2024 and were signed on their behalf by:


Principal Officer


Chairperson

These financial statements were prepared under the supervision of:


Finance Executive
N. Mangombe

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
LOCAL AUTHORITIES PENSION FUND**

Opinion

We have audited the financial statements of Local Authorities Pension Fund ("the Fund"), set out on pages **7 to 23** and comprising:

- Statement of comprehensive income, and statement of cashflows for the year ended 31 December 2023;
- Statement of financial position as at 31 December 2023;
- Membership statistics as at 31 December 2023
- A summary of significant accounting policies applied by the Pension Fund during the financial year ended 31 December 2023; and
- Notes (including all schedules) to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Pension Fund as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation applicable to pension funds in Zimbabwe and in a manner required by the Pension and Provident Funds Act (Chapter 24:32).

Basis of Opinion

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 Pension Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

This section is intended to describe the matters communicated with those charged with governance that the auditor has determined, in the auditor's professional judgement, were of most significance in the audit of the financial statements. We have determined that there are no key audit matters to report.

Trustees' responsibility for the financial statements

The Trustees of the Pension Fund are responsible for the preparation and fair presentation of these financial statements, in accordance with the basis of preparation applicable to pension funds in Zimbabwe and in a manner required by the Pension and Provident Funds Act (Chapter 24:32). This responsibility includes, but is not limited to the following:

- Designing, implementing, and maintaining internal controls that ensure proper preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- Formulating and applying appropriate accounting policies.
- Making accounting estimates that are reasonable in the Pension Fund's circumstances.

In preparing the financial statements, the Trustees are responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Pension Fund or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
LOCAL AUTHORITIES PENSION FUND**

Auditor's responsibilities for the audit of the financial statements

Our responsibility is 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 controls.
- Obtain an understanding of internal controls 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 Pension Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Pension 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 auditors' report. However, future events or conditions may cause the Pension 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 significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence and 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 the Trustees, we determine those matters that were 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.



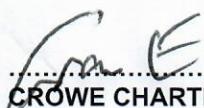
**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
LOCAL AUTHORITIES PENSION FUND**

Report on legal and regulatory requirements

Investment in prescribed assets

As at 31 December 2023, the Pension Fund was not compliant with the Insurance and Pensions Commission (IPEC) Circular 3 of 2019, regarding the holding of prescribed assets to a minimum of 20%. The Pension Fund held prescribed assets amounting to 2.29% of the total assets at market value as at year end.

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


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CROWE CHARTERED ACCOUNTANTS

Jabulani Mavimba
Engagement Partner
Registered Public Auditor
PAAB Practice Certificate Number: 0450

27 March 2024

| | |
|---|--|
| Administrator/ Insurer/ Stand Alone Fund Name | LOCAL AUTHORITIES PENSION FUND |
| Administrator's BP Number | 4000003180 |
| Financial Quarter | Q4 |
| Principal Officer/ Contact Person | OSTERN PAZVAKAWAMBWA |
| Address (Head Office) | 10TH FLOOR THROGMORTON HOUSE |
| Landline/ Cell / Fax | 780802/3 |
| E-mail address | ostern@lapf.co.zw |
| Branches (Addresses) | N/A |
| Name of Official Completing the Return: | NYASHA MANGOMBE |
| Designation: | FINANCE EXECUTIVE |
| Reporting Date | 31-Dec-23 |
| Pension Fund's BP Number | 4000003180 |
| Type of Fund (DC/DB) | DB |
| Type of Administration | Stand Alone/ Industrial |
| Fund Status | Active |
| Average % contribution rate (Employer) | <u>17.30%</u> |
| Average % contribution rate (Employee) | 6.00% |
| Normal Retirement Age | 60 |
| AML CFT Contact Person | |
| Financial Year | 2023 |

LOCAL AUTHORITIES PENSION FUND

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023**

| | Note | 2023 (current period) | | | 2022 (prior period) | | | Total ZWL |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | |
| MEMBERSHIP ACTIVITIES | | | | | | | | |
| Contributions | | | | | | | | |
| by members: | | | | | | | | |
| (a) Normal | | 13 672 535 763 | - | - | 13 672 535 763 | 1 217 834 314 | - | - 1 217 834 314 |
| (b) Voluntary | | 1 956 790 | - | - | 1 956 790 | 345 743 | - | - 345 743 |
| by employers: | | | | | | | | |
| (a) Normal | | 39 451 771 531 | - | - | 39 451 771 531 | 3 513 687 021 | - | - 3 513 687 021 |
| Interest on contribution arrears | | 3 448 041 409 | - | - | 3 448 041 409 | 404 768 443 | - | - 404 768 443 |
| Total contributions (A) | | 56 574 305 493 | - | - | 56 574 305 493 | 5 136 635 521 | - | - 5 136 635 521 |
| Other membership income | | - | - | - | - | - | - | |
| Transfer from other sources | | - | - | - | - | - | - | |
| Amounts received on life insurance claims | | - | - | - | - | - | - | |
| Total other membership income (B) | | - | - | - | - | - | - | |
| Benefits and payments | | | | | | | | |
| a) Pensions | | | | | | | | |
| i) to members | | 18 108 031 723 | - | - | 18 108 031 723 | 1 760 771 273 | - | - 1 760 771 273 |
| c) Lump sum awards on death | | 76 220 172 | - | - | 76 220 172 | 33 507 667 | - | - 33 507 667 |
| d) Lump sum awards on withdrawal/resignation | | 1 413 606 381 | - | - | 1 413 606 381 | 174 780 048 | - | - 174 780 048 |
| e) Lump sum awards on retirement and retrenchment | | 2 099 990 109 | - | - | 2 099 990 109 | 275 708 498 | - | - 275 708 498 |
| Actuarial gain/loss (DB funds) | | - | - | - | - | 154 886 187 607 | - | - 154 886 187 607 |
| Total benefits and payments (C) | | 21 697 848 385 | - | - | 21 697 848 385 | 157 140 955 093 | - | - 157 140 955 093 |
| Net membership activities income/ loss (A+B-C) =D | | 34 876 457 108 | - | - | 34 876 457 108 | (152 004 319 572) | - | - (152 004 319 572) |

LOCAL AUTHORITIES PENSION FUND

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023 (continued)**

| | Note | 2023 (current period) | | | 2022 (prior period) | | | Total ZWL | |
|---|------|------------------------------|------------------------------|------------------------------|------------------------|------------------------------|------------------------------|------------------------------|--|
| | | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | Total ZWL | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | |
| NON-MEMBERSHIP ACTIVITIES | | | | | | | | | |
| Investment Income | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Interest income | | 1 476 278 715 | - | - | 1 476 278 715 | 382 617 001 | - | 382 617 001 | |
| Dividends | | 2 846 528 742 | - | - | 2 846 528 742 | 303 989 034 | - | 303 989 034 | |
| Unrealised fair value gains/ (losses) on financial assets | | 112 586 210 009 | - | - | 112 586 210 009 | 5 564 259 242 | - | 5 564 259 242 | |
| Realised fair value gains/ (losses) on financial assets | | 3 752 670 280 | - | - | 3 752 670 280 | 1 144 546 679 | - | 1 144 546 679 | |
| Non financial assets | | | | | | | | | |
| Rental income | | 20 527 003 255 | - | - | 20 527 003 255 | 2 300 628 394 | - | 2 300 628 394 | |
| Revaluation gains on property | | 695 357 162 690 | - | - | 695 357 162 690 | 61 740 495 000 | - | 61 740 495 000 | |
| (Loss) / profit on disposal of non financial assets | | (264 939) | - | - | (264 939) | 2 677 467 | - | 2 677 467 | |
| Other - Sundry Income | | 16 674 914 | - | - | 16 674 914 | 5 109 396 | - | 5 109 396 | |
| Exchange gain on foreign currency translations | | 4 291 555 616 | - | - | 4 291 555 616 | 315 030 981 | - | 315 030 981 | |
| Total investment income/ (loss) (E) | | 840 853 819 282 | - | - | 840 853 819 282 | 71 759 353 194 | - | 71 759 353 194 | |
| Investment Expenses | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Asset management fees | | - | - | - | - | - | - | - | |
| Custodial fees | | - | - | - | - | - | - | - | |
| Non financial assets | | | | | | | | | |
| Property maintenance costs | | 2 063 400 027 | - | - | 2 063 400 027 | 148 089 519 | - | 148 089 519 | |
| Total investment expenses (F) | | 2 063 400 027 | - | - | 2 063 400 027 | 148 089 519 | - | 148 089 519 | |
| Net investment income/ (loss) (E-F) = (G) | | 838 790 419 255 | - | - | 838 790 419 255 | 71 611 263 675 | - | 71 611 263 675 | |

LOCAL AUTHORITIES PENSION FUND

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2022 (continued)

| Note | Sub Account 1 ZWL | 2023 (current period) | | 2022 (prior period) | | Total ZWL |
|--|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|
| | | Sub Account 2 ZWL | Sub Account 3 ZWL | Total ZWL | Sub Account 1 ZWL | Sub Account 2 ZWL |
| OTHER ACTIVITIES | | | | | | |
| Other Income | | | | | | |
| Revaluation gains on operating assets | | | | | | |
| total other income (H) | 3 078 687 565 | | | 3 078 687 565 | 342 615 433 | |
| total other income (H) | 3 078 687 565 | | | 3 078 687 565 | 342 615 433 | |
| Other Expenses | | | | | | |
| Bank charges | | | | | | |
| Staff costs | | | | | | |
| Administration fees | | | | | | |
| Actuarial fees | | | | | | |
| Audit fees | | | | | | |
| Board expenses | | | | | | |
| SPEC levies | | | | | | |
| Subscription fees | | | | | | |
| Legal fees | | | | | | |
| Amortisation, depreciation and impairment | | | | | | |
| Other Payable - Consultancy Fees | | | | | | |
| Other Late Payment Interest on Benefits | | | | | | |
| total Other expenses (I) | 817 717 721 | | | 817 717 721 | 139 988 213 | |
| total Other expenses (I) | 10 647 538 826 | | | 10 647 538 826 | 1 112 957 404 | |
| Net other income/loss (H - I) = (J) | | | | | | |
| (7 568 851 261) | - | - | - | (7 568 851 261) | (770 341 971) | |
| Change in net assets excluding membership activities | | | | | | |
| G + J) = (K) | | | | | | |
| Net increase/decrease in net assets during the year | | | | | | |
| D + K) = L | | | | | | |
| Net assets available for benefits at beginning of year (M) | | | | | | |
| Adjustment of prior year Actuarial liability | | | | | | |
| Net assets available for benefits at end of year (L + M) | | | | | | |
| Preparer's Name: Nyasha Mangombe | | | | | | |
| Principal Officer: Ostern Pazvakavambwa | | | | | | |
| Chairman of Trustees: Bozman Matengarufu | | | | | | |
| Signature _____ Date: 26 February 2024 | | | | | | |
| Signature _____ Date: 26 February 2024 | | | | | | |
| Signature _____ Date: 26 February 2024 | | | | | | |

LOCAL AUTHORITIES PENSION FUND

**STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2023**

| | Note | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | 2023 (current period) | | | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | Total ZWL |
|---------------|--|------------------------|----------------------|----------------------|-----------------------|------------------------|-----------------------|----------------------|----------------------|-----------------------|--------------|
| | | | | | Total ZWL | Sub Account 1 ZWL | Sub Account 2 ZWL | | | | |
| ASSETS | | | | | | | | | | | |
| A | Operating assets | 5 | 3 011 154 150 | - | - | 3 011 154 150 | 71 447 460 | - | - | 71 447 460 | |
| | Motor vehicles | | 124 865 499 | - | - | 124 865 499 | 3 258 860 | - | - | 3 258 860 | |
| | Furniture and equipment | | 245 322 803 | - | - | 245 822 803 | 10 781 952 | - | - | 10 781 952 | |
| | Total operating assets (N) | 3 381 342 452 | | | | 3 381 342 452 | 85 488 272 | | | 85 488 272 | |
| B | Non-current investments | 6 | 775 275 679 914 | - | - | 775 275 679 914 | 75 415 776 870 | - | - | 75 415 776 870 | |
| | Investment property | | 109 247 341 297 | - | - | 109 247 341 297 | 12 750 719 569 | - | - | 12 750 719 569 | |
| | Equities | | 9 598 574 754 | - | - | 9 598 574 754 | 675 072 971 | - | - | 675 072 971 | |
| | a) quoted | | | | | | | | | | |
| | b) unquoted | | | | | | | | | | |
| | Prescribed assets: | | | | | | | | | | |
| | Bonds | | 10 857 900 840 | - | - | 10 857 900 840 | 813 389 115 | - | - | 813 389 115 | |
| | Other prescribed assets | | 5 805 832 385 | - | - | 5 805 802 385 | 650 825 491 | - | - | 650 825 491 | |
| | Fixed Interest Securities (Debtenture) | | | | | | 116 625 | - | - | 116 625 | |
| | Total non-current investment assets (O) | 910 785 299 190 | | | | 910 785 299 190 | 90 305 900 641 | | | 90 305 900 641 | |
| C | Current investment assets | 7 | 1 496 488 287 | - | - | 1 496 488 287 | 51 425 445 | - | - | 51 425 445 | |
| | Staff loans and mortgages | | 5 339 682 507 | - | - | 5 339 682 507 | 1 871 739 910 | - | - | 1 871 739 910 | |
| | Other prescribed assets | | 10 769 107 267 | - | - | 10 769 107 267 | 746 847 084 | - | - | 746 847 084 | |
| | Cash on hand and at bank | | 1 205 408 387 | - | - | 1 205 408 387 | 104 831 149 | - | - | 104 831 149 | |
| | Prepayments | | 59 986 453 | - | - | 59 986 453 | 18 803 599 | - | - | 18 803 599 | |
| | Other (specify): Inventory | | | | | | | | | | |
| | Total current investment assets (P) | 18 870 682 901 | | | | 18 870 682 901 | 2 793 647 187 | | | 2 793 647 187 | |
| D | Sundry debtors | 8 | 28 240 566 144 | - | - | 28 240 566 144 | 1 856 911 308 | - | - | 1 856 911 308 | |
| | Contribution arrears | | 4 047 800 196 | - | - | 4 047 800 196 | 448 381 515 | - | - | 448 381 515 | |
| | Rental arrears | | 197 205 629 | - | - | 197 205 629 | 202 870 805 | - | - | 202 870 805 | |
| | Dividend receivable | | 509 912 000 | - | - | 509 912 000 | 216 439 639 | - | - | 216 439 639 | |
| | Interest receivable | | | | | | | | | | |
| | Total sundry debtors (Q) | 32 995 483 969 | | | | 32 995 483 969 | 2 724 603 267 | | | 2 724 603 267 | |
| | Total assets (N+O+P+Q) = R | 966 033 308 512 | | | | 966 033 308 512 | 95 909 639 367 | | | 95 909 639 367 | |

LOCAL AUTHORITIES PENSION FUND

**STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2023 (continued)**

| | Note | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | 2023 (current period) | | | 2022 (prior period) | | | Total ZWL |
|--------------------|---|----------------------------|----------------------|----------------------|----------------------------|--------------------------|----------------------|----------------------|--------------------------|--|--------------|
| | | | | | Total ZWL | Sub Account 1 ZWL | Sub Account 2 ZWL | Sub Account 3 ZWL | Total ZWL | | |
| LIABILITIES | | | | | | | | | | | |
| E | Non-actuarial liabilities | | | | | | | | | | |
| | Arrear pension benefits | 1 134 744 637 | - | - | 1 134 744 637 | 133 616 061 | - | - | 133 616 061 | | |
| | Tenants deposits | 68 888 489 | - | - | 68 888 489 | 10 612 316 | - | - | 10 612 316 | | |
| | Contribution Arrears | - | - | - | - | 23 663 102 | - | - | 23 663 102 | | |
| | Rental Arrears | 305 329 196 | - | - | 305 329 196 | 69 649 730 | - | - | 69 649 730 | | |
| | Depreciation and amortisation | - | - | - | - | 17 063 641 | - | - | 17 063 641 | | |
| | Equities diminution in value | 743 191 | - | - | 743 191 | 743 191 | - | - | 743 191 | | |
| | Audit and Actuarial fees | 34 861 423 | - | - | 34 861 423 | 37 084 056 | - | - | 37 084 056 | | |
| | Leave Pay and Bonus | 1 071 788 038 | - | - | 1 071 788 038 | 53 378 057 | - | - | 53 378 057 | | |
| | Trade Creditors | 10 2 019 572 839 | - | - | 2 019 572 839 | 264 873 616 | - | - | 264 873 616 | | |
| | Total non-actuarial liabilities (\$) | 4 636 327 813 | - | - | 4 636 327 813 | 610 683 770 | - | - | 610 683 770 | | |
| | Net assets available for benefits at end of year (R-S) = T | 961 396 980 699 | - | - | 961 396 980 699 | 95 298 955 597 | - | - | 95 298 955 597 | | |
| F | Actuarial liabilities | | | | | | | | | | |
| | Members' liabilities | | | | | | | | | | |
| | Active members | 1 435 891 501 184 | - | - | 1 435 891 501 184 | 129 194 431 238 | - | - | 129 194 431 238 | | |
| | Pensioners | 614 440 310 760 | - | - | 614 440 310 760 | 47 085 815 896 | - | - | 47 085 815 896 | | |
| | Deferred pensioners | 4 485 851 714 | - | - | 4 485 851 714 | - | - | - | - | | |
| | Suspended Pensioners | 11 170 199 793 552 | - | - | 170 199 793 552 | 14 212 252 832 | - | - | 14 212 252 832 | | |
| | Revaluation Reserve for Exits | 19 834 429 639 | - | - | 19 834 429 639 | 7 846 278 406 | - | - | 7 846 278 406 | | |
| | Re-alignment Reserve | 20 927 920 588 | - | - | 20 927 920 588 | 8 278 851 189 | - | - | 8 278 851 189 | | |
| | Data Reserve | 9 579 756 777 | - | - | 9 579 756 777 | 944 832 901 | - | - | 944 832 901 | | |
| | Revaluation Reserve | 3 421 302 998 | - | - | 3 421 302 998 | 342 615 413 | - | - | 342 615 413 | | |
| | Total actuarial liabilities (U) | 2 278 780 867 212 | - | - | 2 278 780 867 212 | 207 905 077 875 | - | - | 207 905 077 875 | | |
| | Deficit (T-U) | (1 317 383 886 513) | - | - | (1 317 383 886 513) | (112 606 122 288) | - | - | (112 606 122 288) | | |
| | Preparer's Name: | Nyasha Mangombe | Signature: | | | Date: | 26 February 2024 | | | | |
| | Principal Officer: | Ostern Pazvakavambwa | Signature: | | | Date: | 26 February 2024 | | | | |
| | Chairman of Trustees: | Boznan Matengarufu | Signature: | | | Date: | 26 February 2024 | | | | |
| | | | | | | | | | | | |

LOCAL AUTHORITIES PENSION FUND

NON-RESIDENT ASSETS
as at 31 December 2023

| | 2023 (current period) | | | 2022 (prior period) | | | Total USD | |
|--|-----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|------------------|
| | Sub Account 1 USD | Sub Account 2 USD | Sub Account 3 USD | Total USD | Sub Account 1 USD | Sub Account 2 USD | Sub Account 3 USD | |
| Non-current investments | | | | | | | | |
| Equities | - | - | - | 587 220 | 1 427 090 | - | - | 1 427 090 |
| (a) quoted | - | - | - | - | - | - | - | - |
| (b) undouted | - | - | - | - | - | - | - | - |
| Total non current investment assets | 587 220 | | | 587 220 | 1 427 090 | | | 1 427 090 |
| Current investment assets | | | | | | | | |
| Prescribed assets | - | - | - | - | - | - | - | - |
| Money market investments | - | - | - | - | - | - | - | - |
| Cash on hand and at bank | - | - | - | - | - | - | - | - |
| Investment income receivable | - | - | - | - | - | - | - | - |
| Other (specify): | - | - | - | - | - | - | - | - |
| Total current investment assets | - | | | - | | | | - |
| Sundry debtors | | | | | | | | |
| Rental arrears | - | - | - | - | - | - | - | - |
| Dividend receivable | - | - | - | - | - | - | - | - |
| Interest receivable | - | - | - | - | - | - | - | - |
| Other (specify): | - | - | - | - | - | - | - | - |
| Total sundry debtors | - | | | - | | | | - |
| Total assets | 587 220 | | | 587 220 | 1 427 090 | | | 1 427 090 |

LOCAL AUTHORITIES PENSION FUND

STATEMENT OF CASHFLOWS
for the year ended 31 December 2023

| | Total 2023 ZWL | Total 2022 ZWL |
|--|------------------------|------------------------|
| Cash flows from membership activities | | |
| Cash received from contributions | 29 434 349 577 | 4 295 035 709 |
| Benefits paid | (16 149 215 137) | (2 282 549 683) |
| Net cash flows from membership activities (V) | 13 285 134 440 | 2 012 486 026 |
| Cashflows collected from other operating activities | | |
| Other operating income | 170 224 216 | 3 126 645 809 |
| Cash paid to suppliers: | | |
| Actuarial fees | - | (15 348 853) |
| Administration expenses | (4 158 326 989) | (1 160 105 481) |
| Audit fees | (70 473 249) | (5 775 000) |
| Legal fees | (57 400 205) | (22 719 277) |
| Levies and subscriptions paid | (226 594 360) | (20 286 319) |
| Cash paid to employees: | | |
| Staff expenses | (4 530 365 263) | (284 092 960) |
| Board expenses | (279 277 774) | (38 005 302) |
| Bank fees | (642 446 210) | (60 383 113) |
| Net cashflows generated from other operating activities (W) | (9 794 659 835) | 1 519 929 503 |
| Cashflow from investing activities | | |
| Purchase of operating assets | (190 449 458) | (13 175 575) |
| Purchase of investment property | (2 703 751 620) | (153 250 000) |
| Purchase of financial assets | (17 261 344 656) | (5 787 305 421) |
| Proceeds from sale of operating assets | - | - |
| Proceeds from sale of investment property | - | - |
| Proceeds from sale of financial assets | 14 880 316 766 | 95 477 414 |
| Property expenses paid | (2 924 766 484) | (155 693 859) |
| Rent received | 17 136 329 501 | 2 843 710 887 |
| Interest received | 615 703 872 | 107 810 615 |
| Dividends received | 590 836 227 | 229 525 664 |
| Investment management fees paid | - | - |
| Tax paid | (3 611 088 571) | (264 420 938) |
| Net cash utilised in investing activities (X) | 6 531 785 578 | (3 097 321 212) |
| Net cash inflow / (outflow) for the year (V+W+X) =Y | 10 022 260 183 | 435 094 317 |
| Cash and cash equivalents at the beginning of the year | 746 847 084 | 311 752 767 |
| Cash and cash equivalents at the end of the year | 10 769 107 267 | 746 847 084 |

LOCAL AUTHORITIES PENSION FUND

MEMBERSHIP STATISTICS

for the year ended 31 December 2023

| | In Zimbabwe | Outside Zimbabwe | |
|--|---------------|------------------|------------|
| | 2023 | 2022 | 2023 |
| | | | 2022 |
| 1. Number of principal members at beginning of year | 24 897 | 26 227 | 174 |
| Number of beneficiaries at the beginning of the year | 6 610 | 7 350 | 129 |
| Reinstatements | 180 | 160 | - |
| Total | 31 687 | 33 737 | 303 |
| 2. Principal membership as at end of year | | | |
| (a) New entrants for the year | 1 199 | 553 | - |
| (b) Active members ¹ | 17 637 | 18 018 | - |
| (c) Pensioners ² | 4 674 | 4 922 | 1 |
| (d) Suspended pensioners ³ | 1 632 | 1 244 | 173 |
| Total membership as at end of year | 25 142 | 24 737 | 174 |
| 3. Beneficiaries as at end of year | | | |
| (a) Pensioners: | | | |
| Surviving Spouse | 3 044 | 3 180 | - |
| Children | 734 | 852 | - |
| Other dependants | 43 | 34 | - |
| (b) Suspended pensioners: | | | |
| Surviving Spouse | 2 672 | 2 386 | 130 |
| Children | 178 | 128 | - |
| Other dependants | 30 | 30 | - |
| Total beneficiaries as at end of year | 6 701 | 6 610 | 130 |
| 4. Exits as at end of year⁶ | | | |
| (a) Transfers out ⁷ | - | 96 | - |
| (b) Full commutations | - | - | - |
| (c) Death | 46 | 45 | - |
| (d) Other | 1 048 | 995 | - |
| Total | 1 094 | 1 136 | - |

NOTES

1. This figure excludes new entrants for the year¹
2. This figure excludes suspended pensioners and beneficiaries²
3. This figure excludes suspended beneficiaries³
4. This figure includes all members of the fund who left employment and in terms of the rules are entitled to receive a benefit from the fund but has not claimed the benefit⁴
5. This figure is made up of transfers in from other funds⁵
6. Exits refers to members who have no residual assets on the fund⁶
7. This figure is made up of transfers out to other funds⁷

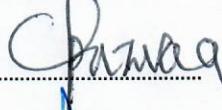
Preparer's Name: Nyasha Mangombe

Signature

Signature

Signature

Principal Officer: Ostern Pazvakavambwa

Chairman of Trustees: Bozman Matengarufu



LOCAL AUTHORITIES PENSION FUND

DEBTORS' AGE ANALYSIS
as at 31 December 2023

| | 2023 (current year) | | | 2022 (prior year) | | |
|---|------------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|-------------------------------|
| | Rental Arrears ZWL | Contribution ZWL | Other (specify) ZWL | Rental Arrears ZWL | Contribution ZWL | Other (specify) ZWL |
| Below 30 days | 2 480 893 660 | 7 494 445 883 | - | 285 514 835 | 512 285 387 | - |
| between 31 days and 90 days | 1 130 579 498 | 11 691 668 727 | - | 110 189 121 | 626 293 457 | - |
| between 91 days and 180 days | 383 959 455 | 6 728 562 926 | - | 27 495 330 | 452 701 358 | - |
| 181 days and above | 52 367 582 | 2 325 888 607 | - | 25 182 227 | 265 631 106 | - |
| Total at end of reporting period | 4 047 800 196 | 28 240 566 144 | - | 448 381 513 | 1 856 911 310 | - |

LOCAL AUTHORITIES PENSION FUND

UNCLAIMED BENEFITS AGE ANALYSIS

as at 31 December 2023

| | | 2023 | 2022 |
|--------------------|-----------------------|-------------|-------------|
| Less than 1 year | No. of Members | 0 | 0 |
| | Amount | - | - |
| From 1-2 years | No. of Members | 0 | 0 |
| | Amount | - | - |
| From 2 - 5 years | No. of Members | 0 | 0 |
| | Amount | - | - |
| From 6 - 10 years | No. of Members | 0 | 0 |
| | Amount | - | - |
| More than 10 years | No. of Members | 0 | 0 |
| | Amount | - | - |
| Total | No. of Members | 0 | 0 |
| | Amount | - | - |

LOCAL AUTHORITIES PENSION FUND

PRESCRIBED ASSETS

as at 31 December 2023

| Type of Instrument | Name of Issuer | Date of Issue | Date of Purchase | Maturity Date | Purchase Price | Face Value of Investment | Interest Received |
|--------------------------------|--------------------------------|---------------|------------------|---------------|----------------|--------------------------|-------------------|
| Non - Current Assets | | | | | | | |
| Bonds | | | | | | | |
| Prescribed Assets | Agrowth Investments | 14-Apr-23 | | | 116 560 000 | 471 678 766 | - |
| Prescribed Assets | Nhaka Life Investments | - | 16-Sep-22 | | 58 891 726 | 1 105 565 263 | - |
| Prescribed Assets | Gold Coins | - | Oct/Nov 22 | | 122 303 450 | 1 568 053 333 | - |
| Prescribed Assets | Digital Coins | - | 16-Jan-23 | | 32 433 558 | 29 176 993 | - |
| Approved Bond | IDBZ Series 2 2022B | - | 8-Dec-22 | 13-Nov-26 | 100 000 000 | 932 876 139 | - |
| Prescribed Assets | HEKA Bond | | | 20-Mar-25 | 1 950 000 000 | 1 799 762 210 | - |
| Prescribed Assets | EEF's TBs | | 16-Jan-23 | 13-Aug-25 | 99 750 000 | 811 928 106 | - |
| Prescribed Assets | EEF's TBs | | 24-May-23 | 5-Jun-25 | 200 000 000 | 476 931 453 | - |
| Prescribed Assets | EEF's TBs | | 2-Nov-23 | 19-May-26 | 497 250 000 | 525 909 643 | - |
| Prescribed Assets | EEF's TBs | | 21-Dec-23 | 15-Aug-26 | 500 000 000 | 387 601 475 | - |
| Prescribed Assets | Chinhoyi Student Accommodation | - | | | 2 000 000 000 | 2 748 417 460 | - |
| Sub-total | | | | | | 10 857 900 840 | - |
| Other prescribed assets | | | | | | | |
| Prescribed Assets | Zimcampus 10 | - | 25-Jan-22 | | 13 134 826 | 694 704 927 | - |
| Prescribed Assets | Zimcampus | - | 30-Jan-23 | | 36 299 189 | 1 919 873 393 | - |
| Prescribed Assets | Zimcampus 8 | - | 14-May-21 | | 44 490 583 | 3 191 224 066 | - |
| Sub - Total | | - | | | | 5 805 802 385 | - |
| Current Assets | | | | | | | |
| Prescribed Assets | Akribos | | 4-Dec-23 | 3-Jan-24 | 100 000 | 615 050 802 | - |
| Prescribed Assets | FLAM | | 5-Dec-23 | 4-Jan-24 | 100 000 | 614 004 391 | - |
| Prescribed Assets | ZB Bank | | 5-Dec-23 | 4-Jan-24 | 100 000 | 613 558 564 | - |
| Prescribed Assets | FBC BS | | 5-Dec-23 | 4-Jan-24 | 100 000 | 612 809 026 | - |
| Prescribed Assets | FLAM | | 11-Dec-23 | 10-Jan-25 | 105 437 | 646 528 705 | - |
| Prescribed Assets | FLAM | | 11-Dec-23 | 10-Jan-24 | 104 907 | 643 277 818 | - |
| Prescribed Assets | FBC Bank | | 20-Dec-23 | 19-Jan-24 | 103 525 | 632 959 494 | - |
| Prescribed Assets | Akribos | | 20-Dec-23 | 19-Jan-24 | 104 380 | 639 159 939 | - |
| Prescribed Assets | FBC BS | | 4-Dec-23 | 8-Jan-24 | 305 390 850 | 322 333 767 | - |
| Sub - Total | | | | | | 5 339 682 506 | - |
| Total | | | | | | 22 003 385 731 | - |

LOCAL AUTHORITIES PENSION FUND

SPONSORING EMPLOYERS' CONTRIBUTION ARREARS
as at 31 December 2023

| Sponsoring Employer | Availability of Certified Repayment Agreement (Y/N) | Contribution Arrears | | | | |
|--|---|----------------------|-----------------------------|------------------------------|----------------------|-----------------------|
| | | 30 days and below | between 31 days and 90 days | between 91 days and 180 days | 181 days and above | Total |
| Bindura Municipality | N | 44 749 340 | 89 498 681 | 110 507 664 | - | 244 755 685 |
| Bindura Rural District Council | N | 578 330 | - | - | - | 578 330 |
| Bulawayo City Council | Y | 1 755 209 057 | - | - | - | 1 755 209 057 |
| Chegutu Municipality | N | 29 793 390 | 59 586 781 | 89 380 171 | 62 132 932 | 240 893 274 |
| Chinhoyi Municipality | Y | 253 423 744 | 506 847 488 | 760 271 231 | 636 046 104 | 2 156 588 567 |
| Chipinge Rural District Council | N | 10 806 461 | 21 612 923 | 32 419 384 | 15 548 924 | 80 387 692 |
| Chipinge Town Council | N | - | - | - | 577 618 | 577 618 |
| Chiredzi Rural District Council | N | - | - | - | 1 175 | 1 175 |
| Chiredzi Town Council | Y | 16 742 809 | 49 063 101 | - | - | 65 805 910 |
| Chirundu Local Board | N | - | - | - | (9 902) | (9 902) |
| Chitungwiza Municipality | Y | 272 090 822 | 544 181 643 | 530 461 687 | - | 1 346 734 152 |
| City of Kings Business Ventures | N | 2 191 123 | - | - | - | 2 191 123 |
| Dandaro | - | - | - | - | 16 214 | 16 214 |
| Epworth Local Board | N | - | - | - | 441 512 | 441 512 |
| Go-beer breweries | N | - | - | - | 553 079 | 553 079 |
| Gwanda Municipality | Y | 18 636 835 | 37 273 670 | 55 910 506 | 40 199 087 | 152 020 098 |
| Gweru City Council | Y | 631 179 353 | 2 404 659 305 | - | - | 3 035 838 658 |
| Harare City Council | Y | 3 087 057 195 | 6 174 114 390 | 3 582 018 361 | - | 12 843 189 945 |
| Harare Municipal Medical Aid Society | N | 27 617 524 | 55 235 048 | 79 302 339 | - | 162 154 911 |
| Hwange Local Board | N | - | - | - | 604 688 | 604 688 |
| Ingwebu Breweries | Y | 133 478 455 | 266 956 911 | 400 435 366 | 235 553 751 | 1 036 424 484 |
| Kadoma Municipality | Y | 110 127 409 | 220 254 818 | 188 476 207 | - | 518 858 434 |
| Kadoma Liquor Marketing | - | - | - | - | 126 806 | 126 806 |
| Kariba Municipality | Y | 97 168 797 | 194 337 594 | 291 506 391 | 595 335 215 | 1 178 347 997 |
| Karoi Town Council | N | 11 097 841 | 22 195 682 | 33 293 522 | 164 571 629 | 231 158 674 |
| Kwekwe Municipality | Y | 92 591 072 | 74 263 646 | - | - | 166 854 718 |
| Kwekwe Breweries | - | - | - | - | 542 590 | 542 590 |
| Manyame Rural District Council | N | - | - | - | (155 822) | (155 822) |
| Marondera Municipality | N | 43 425 101 | 76 532 629 | - | - | 119 957 730 |
| Masvingo Municipality | Y | 413 699 664 | 171 522 356 | - | - | 585 222 020 |
| Municipal Workers Union of Zimbabwe (MWUZ) | N | 2 087 246 | 4 174 492 | 1 993 748 | - | 8 255 486 |
| Mutare City Council | Y | 76 349 438 | - | - | - | 76 349 438 |
| Mutoko Rural District Council | N | 1 261 491 | 2 522 983 | 3 784 474 | 2 347 427 | 9 916 376 |
| Mvurwi Town Council | N | - | - | - | 147 121 | 147 121 |
| Norton Town Council | N | - | - | - | 1 164 888 | 1 164 888 |
| Pungwe Breweries | N | 13 327 680 | 26 655 361 | 39 983 041 | 19 266 065 | 99 232 148 |
| Redcliff Municipality | Y | 179 117 188 | 358 234 376 | 136 557 653 | - | 673 909 218 |
| Rusape Town Council | Y | 116 184 760 | 232 369 521 | 348 554 281 | 474 423 296 | 1 171 531 859 |
| Ruwa Town Council | N | - | - | - | 513 061 | 513 061 |
| Shurugwi Town Council | - | - | - | - | 34 768 | 34 768 |
| UCAZ | N | 11 269 382 | 21 163 988 | - | - | 32 433 370 |
| Umgusa Rural District Council | N | 2 012 145 | 1 988 605 | - | - | 4 000 751 |
| Umzingwane | - | - | - | - | 6 | 6 |
| Vungu Rural District Council | N | 5 793 304 | 11 586 608 | 17 379 913 | 5 443 894 | 40 203 719 |
| ZESA | N | 15 718 548 | 31 437 095 | 2 086 379 | - | 49 242 021 |
| Zibagwe Rural District Council | N | 11 580 175 | 17 238 628 | - | - | 28 818 803 |
| ZINWA | N | 8 080 202 | 16 160 404 | 24 240 606 | 70 462 480 | 118 943 693 |
| Total | | 7 494 445 883 | 11 691 668 727 | 6 728 562 926 | 2 325 888 607 | 28 240 566 144 |
| Percentage (%) of balance | | 27% | 41% | 24% | 8% | 100% |

LOCAL AUTHORITIES PENSION FUND

STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2023

1 GENERAL INFORMATION

Local Authorities Pension Fund ("The Fund") is registered in Zimbabwe in terms of the Pensions and Provident Funds Act (Chapter 24:32) and is a self administered defined benefit scheme. It was set up for the purpose of providing pension benefits to the employees of Local Authorities as required by the Local Authorities Employees (Pension Schemes) Act (Chapter 29:32). The registered address of the Pension Fund is 10th Floor, Throgmorton House, Corner Samora Machel Avenue and Julius Nyerere Way, Harare, Zimbabwe.

These financial statements are presented in Zimbabwean Dollars (ZWL), which is the Fund's functional and presentation currency and are rounded to the nearest ZWL.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in a manner required by the Zimbabwe Pension and Provident Funds Act (Chapter 24:32) and Statutory Instrument 91 of 2020, Pension and Provident Funds Regulations, and are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS).

2.2 Going concern

The Trustees have, at the time of approving the financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Income

2.3.1 Contributions

Current service and other contributions are recognized on an accrual basis in line with the Fund rules for when they become due. The contribution rates are as follows:

| | |
|----------------------------|--------|
| Employer Contribution rate | 17.30% |
| Employee Contribution rate | 6.00% |

2.3.2 Interest

Interest income is recognised as it accrues over time.

2.3.3 Dividends

Dividends on quoted shares are recognized when the right to receive the amounts is established, which ordinarily is at the date of declaration, taking into account the last day of registration in respect of listed shares. Dividends on unquoted shares are recognized when actually received.

2.4 Financial Instruments

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for other receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2.5 Investments

The Pensions and Provident Funds Act (Chapter 24:32) requires all assets to be measured at fair value. Gains or losses in the market value of the investments are not taken into account except where Trustees are of the opinion that a permanent diminution in value of the investment has taken place. The Section 18(2)(a) of the Pension and Provident Fund Act (Chapter 24:32) states that any registered Fund shall hold not less than 35% aggregate cost value of all investments in Zimbabwe in local registered securities.

2.6 Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on other sundry debtors. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of other sundry debtors.

The Fund always recognises lifetime expected credit losses (ECL) for other sundry debtors. The expected credit losses on other sundry debtors are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2.7 Financial liabilities

Debt instruments are recognised in accordance with the substance of the contractual arrangements of the instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value.

LOCAL AUTHORITIES PENSION FUND

STATEMENT OF ACCOUNTING POLICIES
for the year ended 31 December 2023

2.8 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured 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.

2.9 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events and 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. Provisions are measured at the best estimate of the amount that will be required to settle the present obligation at the end of the period.

2.11 Fair value measurement

The Fund takes into account the characteristics of the assets or liabilities of market participants. The characteristics include: (a) the condition and location of the asset; and (b) restrictions, if any, on the sale or use of the asset.

The Fund uses the fair value hierarchy levels 1 to 3 which are based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3 Taxation

In terms of the Third Schedule to the Income Tax Act (Chapter 23:06) pension funds are exempt from income tax and residents tax on interest from financial institutions until such date as the Minister may specify by notice in the Gazette. No such notice was gazetted in respect of the year covered by these financial statements and no tax liabilities have been recognized. In instances where the Fund owns commercial property to earn rental income, the Fund is subject to Value Added Tax provided that the annual rental income exceeds the minimum threshold specified in the Value Added Tax Act.

LOCAL AUTHORITIES PENSION FUND

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

4 PRESCRIBED ASSETS

At 31 December 2023, the Fund was not compliant with the prescribed asset levels as stated in section 18 (2) (a) of the Zimbabwe Pension and Provident Funds Act (Chapter 24:32) as amended by Circular Number 3 of 2019 issued on 12 March 2019 by the Insurance and Pensions Commission. The Fund held 2.29 % of prescribed assets in local registered securities which are issued by a statutory body or local authority. Section 18 (2) (a) of the Zimbabwe Pension and Provident Funds Act (Chapter 24:32) as amended by Circular Number 3 of 2019, stipulates that at least 20% of the Fund's aggregate cost value of assets should be invested in prescribed assets in Zimbabwe.

5 OPERATING ASSETS

| | Computer and Office Equipment ZWL | Motor Vehicles ZWL | Furniture and Equipment ZWL | Total ZWL |
|------------------------------------|--|--------------------------|-----------------------------------|----------------------|
| Property and equipment | | | | |
| Cost | | | | |
| Balance at 1 January 2023 | 10 781 952 | 71 447 460 | 3 258 860 | 85 488 272 |
| Additions and revaluation | 235 040 851 | 2 939 706 690 | 121 606 639 | 3 296 354 180 |
| Balance at 31 December 2023 | 245 822 803 | 3 011 154 150 | 124 865 499 | 3 381 842 452 |
| Depreciation | | | | |
| Balance at 1 January 2023 | 2 911 358 | 12 266 683 | 934 053 | 16 112 094 |
| Depreciation for the year | 11 074 153 | 32 534 787 | 647 630 | 44 256 570 |
| Balance at 31 December 2023 | 13 985 511 | 44 801 470 | 1 581 683 | 60 368 664 |
| Net Book Amount | | | | |
| Balance at 31 December 2023 | 231 837 292 | 2 966 352 680 | 123 283 816 | 3 321 473 788 |
| Balance at 31 December 2022 | 7 870 594 | 59 180 777 | 2 324 807 | 69 376 178 |

5.2 Investments compliance

Following consultations with the market, the Insurance and Pensions Commission ("IPEC") issued a circular, Circular No.1 of 2013 which had a full compliance deadline of 1 April 2016. This circular sets upper limits for each class of investments as detailed below. New guidelines were issued in Circular 2 of 2022 with deadline of January 2017.

| Type of investment | Reconciliation to Form PPFR 9 | Current status of the fund % | Old Upper limit % | New Upper limit % | Compliance Status as at 31 December 2023 |
|---|-------------------------------------|---------------------------------------|-------------------------|-------------------------|---|
| (a) Prescribed assets | Prescribed assets | 2.29% | 40.00% | 40.00% | Not Compliant |
| (b) Quoted shares | Quoted shares | 11.38% | 50.00% | 60.00% | Compliant |
| (c) Unquoted shares | Unquoted shares | 1.00% | 10.00% | 15.00% | Compliant |
| (d) Money market | Money market | 0.03% | 45.00% | 20.00% | Compliant |
| (e) Properties | Properties | 80.74% | 50.00% | 40.00% | Not Compliant |
| (f) Cash at short notice - Call account | Cash at short notice - Call account | 1.12% | 10.00% | 20.00% | Compliant |
| (g) Other Investments | Other Investments | 3.44% | 10.00% | 5.00% | Compliant |
| | Foreign Investments | 0.00% | 0.00% | 15.00% | Compliant |

Additional requirements include the following:

- The cash in one bank should not exceed 5% of total investments
- Bonds and Properties should not exceed 70% of total investments
- Investment in associate company should not exceed 10%
- Not more than 15% of a fund should be invested with a single bank
- Not more than 15% of a fund should be invested with a single listed equity counter

6 Investment property

| | Sub Account 1 2023 (current period) ZWL | Sub Account 2 2023 (current period) ZWL | Sub Account 3 2023 (current period) ZWL | Sub Account 1 2022 (prior period) ZWL | Sub Account 2 2022 (prior period) ZWL | Sub Account 3 2022 (prior period) ZWL |
|---------------------------------|---|---|---|---|---|---|
| Balance at 1 January | 75 415 776 870 | - | - | 13 492 710 069 | - | - |
| Additions | 4 437 915 124 | - | - | 182 037 780 | - | - |
| Fixtures and fittings | 64 825 228 | - | - | 534 021 | - | - |
| Fair value gain during the year | 695 357 162 690 | - | - | 61 740 495 000 | - | - |
| Balance at 31 December | 775 275 679 912 | - | - | 75 415 776 870 | - | - |

LOCAL AUTHORITIES PENSION FUND

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

| | Sub Account 1 | | Sub Account 2 | | Sub Account 3 | | Sub Account 1 | | Sub Account 2 | | Sub Account 3 | | |
|---|------------------------|-----------------------|---------------|---------------|---------------|-----------------------|---------------------|---------------------|---------------|---------------|---------------|---------------|--|
| | 2023 (current period) | | ZWL | | ZWL | | 2022 (prior period) | | ZWL | | ZWL | | |
| | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | |
| 7 Quoted equity investments | | | | | | | | | | | | | |
| Balance at 1 January | 12 750 719 569 | | - | | - | 6 541 415 278 | | - | | - | | - | |
| Outsourced Investments | 2 221 456 444 | | - | | - | 291 977 625 | | - | | - | | - | |
| (Disposals)/ Additions | (18 311 044 724) | | - | | - | 890 560 770 | | - | | - | | - | |
| Fair value gain | 112 586 210 008 | | - | | - | 5 026 765 896 | | - | | - | | - | |
| Balance at 31 December | 109 247 341 297 | | - | | - | 12 750 719 569 | | - | | - | | - | |
| 8 Administrative expenses | | | | | | | | | | | | | |
| (a) Fund administration fees | 1 526 642 629 | | - | | - | 172 643 600 | | - | | - | | - | |
| (b) Bank fees | 668 046 176 | | - | | - | 59 345 660 | | - | | - | | - | |
| (c) Commissioners levy | 234 645 443 | | - | | - | 20 055 320 | | - | | - | | - | |
| (d) Staff costs | 6 612 268 669 | | - | | - | 566 602 479 | | - | | - | | - | |
| (e) Actuarial valuation fees | 13 745 672 | | - | | - | 25 454 436 | | - | | - | | - | |
| (f) Direct expenses | 1 559 647 380 | | - | | - | 245 458 533 | | - | | - | | - | |
| (g) Audit fees | 32 542 857 | | - | | - | 23 397 376 | | - | | - | | - | |
| | 10 647 538 826 | | - | | - | 1 112 957 404 | | - | | - | | - | |
| 9 Accounts receivable | | | | | | | | | | | | | |
| (a) Contributions receivable | 28 240 566 144 | | - | | - | 1 856 911 308 | | - | | - | | - | |
| (b) Rental arrears | 4 047 800 196 | | - | | - | 448 381 515 | | - | | - | | - | |
| | 32 288 366 340 | | - | | - | 2 305 292 823 | | - | | - | | - | |
| 10 Accounts payable | | | | | | | | | | | | | |
| (b) Audit fees creditors | 19 274 687 | | - | | - | 23 397 376 | | - | | - | | - | |
| (d) Actuarial-valuators fees creditors | 15 386 736 | | - | | - | 13 686 680 | | - | | - | | - | |
| (e) Withdrawal payment creditors | 330 167 424 | | - | | - | 5 392 119 | | - | | - | | - | |
| (f) Retirement payment creditors (commuted amounts) | 414 303 647 | | - | | - | 61 423 934 | | - | | - | | - | |
| (g) Death payment creditors (Lumpsum amounts) | 28 970 161 | | - | | - | 4 061 830 | | - | | - | | - | |
| (j) Sundry creditors | 2 019 572 839 | | - | | - | 264 873 616 | | - | | - | | - | |
| | 2 827 675 494 | | - | | - | 372 835 555 | | - | | - | | - | |
| | | | | | | | | | | | | | |
| | | Sub Account 1 | | Sub Account 2 | | Sub Account 3 | | Sub Account 1 | | Sub Account 2 | | Sub Account 3 | |
| | | 2023 (current period) | | ZWL | | ZWL | | 2022 (prior period) | | ZWL | | ZWL | |
| | | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL | |
| 11 Pension Bonuses and Accounts payable | | | | | | | | | | | | | |
| (a) Withdrawal payment creditors | 330 167 424 | | - | | - | 5 392 119 | | - | | - | | - | |
| (b) Retirement payment creditors - commuted amounts | 414 303 647 | | - | | - | 61 423 934 | | - | | - | | - | |
| (c) Death payment creditors - Lumpsum amounts | 28 970 161 | | - | | - | 4 061 830 | | - | | - | | - | |
| | 773 441 232 | | - | | - | 70 877 883 | | - | | - | | - | |
| 12 Financial risk management | | | | | | | | | | | | | |

The Fund is exposed to various risks in relation to the financial instruments. The main types of risks are market risk and credit risk. The Fund's cash equivalents are placed with high credit quality rating institutions. Trade accounts receivable are presented net of the allowances for doubtful debts. Credit risk with respect to accounts receivable is limited due to stringent credit control policies and evaluation procedures adopted. The risk is further reduced by the fact that the majority of trade transactions are paid for in advance. Accordingly, the fund has no concentration of credit risk. Other sundry debtors are presented net of the allowances for doubtful debts. Credit risk with respect to accounts receivable is limited due to stringent credit control policies and evaluation procedures adopted. Accordingly, the Fund has no concentration of credit risk.

Credit risk

Financial assets, which potentially subject the Fund to credit risk, consist principally of short-term deposits and other receivables. The Fund's short-term deposits are placed with reputable institutions. Potential credit risk exists in other receivables. Ongoing evaluations are performed to assess recoverability.

Market risk

The Fund is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

The Fund is exposed to interest rate risk from interest bearing investments, the Fund's income and operating cash flows are substantially independent of changes in the market interest rates. The Fund's assets are managed by highly experienced asset managers who forecast any adverse effects of interest rate changes and proactive measures are implemented.

Foreign currency risk

The Fund has no significant foreign currency denominated balances at the reporting date. Therefore, the risk related to changes in foreign exchange rates is minimal.

LOCAL AUTHORITIES PENSION FUND

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Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Trustees, which has established an appropriate liquidity risk management framework for management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

13 Going Concern

The Trustees have assessed the ability of the Fund to continue operating as a going concern and believe that despite the following events and conditions that may cast significant doubt on the Fund's ability to continue as a going concern, the preparation of these financial statements on a going concern basis is still appropriate.

- (i) The long outstanding contribution receivables amounting to ZWL28 240 566 144 (2022: ZWL1 856 911 308) and rental receivables of ZWL4 047 800 196
- (ii) The outstanding benefits payable current liabilities of ZWL1 134 744 637 (2022:ZWL133 616 061)

The principal events and conditions create material uncertainties that cast doubt on the Fund's ability to continue as a going concern and, therefore , the Fund

Management's plans is to deal with these events and conditions including the following measures :

- (i) We have certified repayments agreements with member Local Authorities that are in place
- (ii) One of the major member local authorities has daily remittances which are currently at ZWL150 000 000 per day
- (iii) There are ongoing engagements with member local authorities for land/debt swap arrangements.

14 Subsequent events

There were no subsequent events requiring disclosure or recognition in the audited financial statements.