ZADT

Zimbabwe Agricultural Development Trust

ANNUAL REPORT & Financial Statements 2020

Zimbabwe Agricultural Development Trust

2020 Annual Report

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Acronyms and Abbreviations

ACT	Access to Clean Technology
CAPEX	Capital Expenditure Facility
CEO	Chief Executive Officer
CREATE	Credit for Agricultural Trade and Expansion
CSA	Climate Smart Agriculture
CIMMYT	International Maize and Wheat Improvement Centre
COVID	Corona Virus Disease
CWW	Cross Wise Works
DANIDA	Danish International Development Agency
EE	Energy Entrepreneurs
FACHIG	Farmers' Association of Community self-Help Investment Groups
FCDO	Foreign Commonwealth & Development Office
FEM	Food for Export Masterclass
Hivos	Humanistic Institute for Cooperation with Developing Countries
IF4RFE	Impact Fund for Resilient Female Entrepreneurs
MFI	Micro Finance Institution
MEAL	Monitoring Evaluation Accountability & Learning
MLAFWRR	Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement
MT	Metric Tonne
RBZ	Reserve Bank of Zimbabwe
RTGS	Real Time Gross Settlement
SADC	Southern African Development Community
SARCOF	Southern African Regional Climate Outlook Forum
SDC	Swedish Development Centre
SIDA	Swedish International Development Agency
SNV	Stichting Nederlandse Vrijwilligers (Netherlands Development Organisation)
MSME	Micro Small to Medium Enterprises
SME	Small to Medium Enterprises
USD	United States Dollars
VCAs	Value Chain Actors
WC	Working Capital
ZADT	Zimbabwe Agricultural Development Trust
ZIMVAC	Zimbabwe Vulnerability Assessment Committee
ZWL	Zimbabwe Dollar

1. Executive summary

The year 2020 has been a difficult year indeed in the wake of the outbreak of the Corona Virus Disease 2019 (COVID-19). Globally there were lockdowns of economic and social activities as different countries instituted measures to curb the spread of the virus. ZADT was not spared as the first lockdown was instituted at the end of March 2020. The lockdowns were periodically reviewed and conditions altered depending on the severity of the situation. ZADT was affected like all other economic players in the country. This report presents the performance of the Trust in the midst of these challenges.

The COVID-19 induced lockdown was first instituted at the end of the 2019/2020 agricultural season. The season had performed poorly and the lockdown only made things worse as harvesting operations were affected. Even after harvesting, moving with produce to the markets was affected as buyers or consumers could not easily move. This was despite the fact that agricultural activities were exempted.

ZADT facilitated that its staff work from home. Meetings were done virtually but signing and other activities were done online. Because the operating environment was also under hyper-inflation the Trust worked to deploy its financial resources under the new Co-Investment funding model to preserve the capital value, as well as generate earnings to sustain operations.

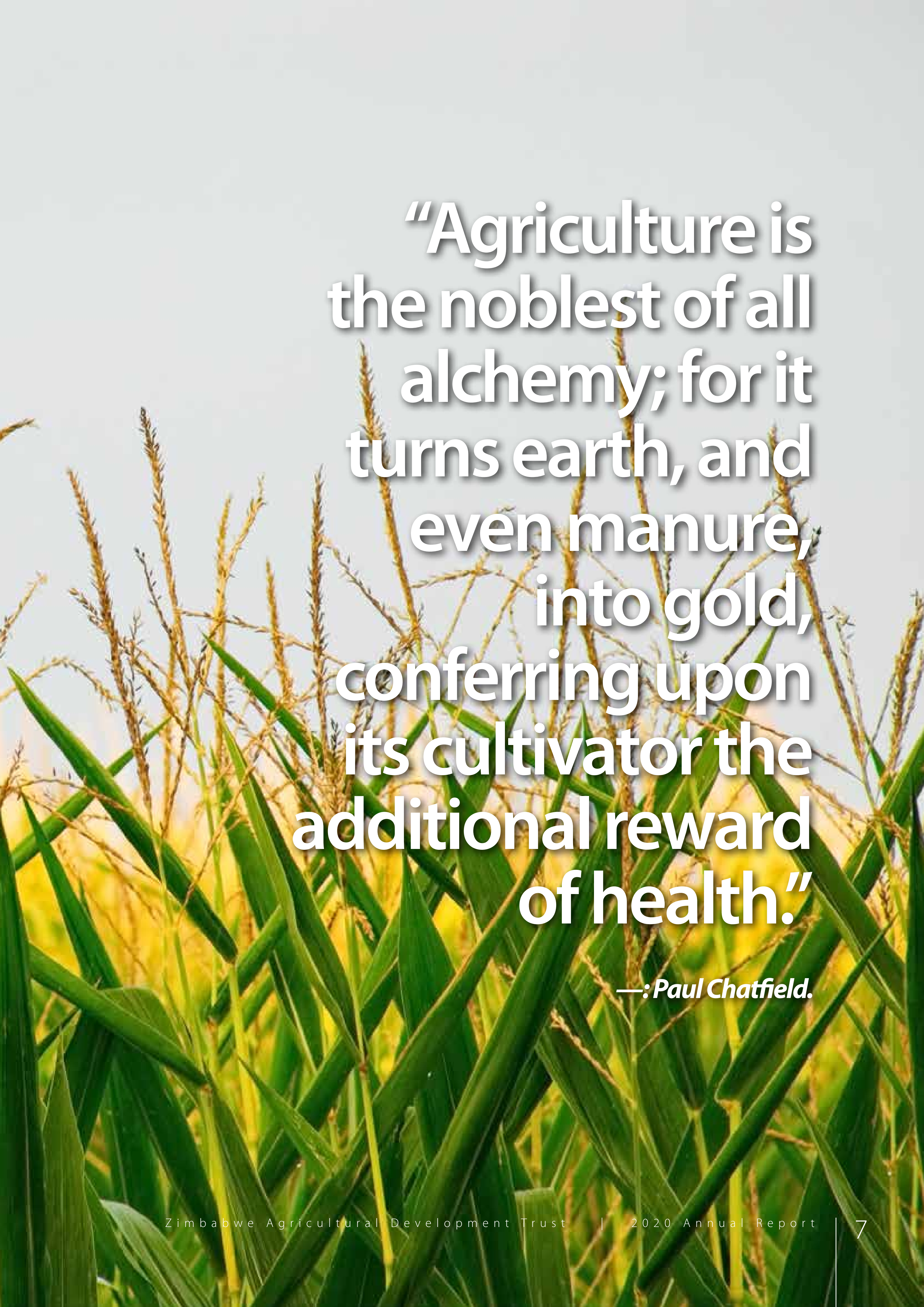
In line with the new strategic thrust, the outstanding loan book was reduced from ZWL$10 895 000 as at 31 December 2019 to ZWL$2 839 667 which was equivalent to US$34 630 at the mid auction rate of US$1: ZWL$82 as at 31 December 2020. All loan maturities were now being re-deployed as co-investments. The Co-Investment portfolio showed a positive growth and had a balance of ZWL$15 358 016 equivalent to US$187 293 at the same mid auction rate as at 31 December 2020.

Overall utilisation of available fund stood at 95% as at 31 December 2020.

Apart from Investments portfolio, ZADT carried out Fund Management activities under partnership arrangements. The partnership projects conducted included the Food for Export Masterclass (FEM) 2020 which was implemented in collaboration with other parties namely the Royal Netherlands Embassy, Hivos, ZimTrade and PUM – a Dutch based Senior Experts Organisation. The programme capacitated a total of 15 female entrepreneurs in various fields.

ZADT was also involved in administering the Lease-to-Own Small-Scale Farm Mechanization finance facility where a total of 15 Service Providers in Masvingo received equipment on credit from the International Maize and Wheat Improvement Centre (CIMMYT). Each of the individual service providers received a two-wheel tractor, a trailer, a double cob maize sheller and a planter. The Service Providers hire-out services using the equipment to surrounding households and repay the cost for this machinery over two years.

Following the successful capacitation of the FEM2020 Entrepreneurs, ZADT and Cross Wise Works (CWW), another Netherlands based organization, were granted project funds by the Royal Netherlands Embassy to co-design and establish a revolving fund for female entrepreneurs. The Fund, referred to as the Ascend Social Return Fund, will be initially rolled out on a pilot basis for the benefit of female entrepreneurs that received targeted capacity building. As at the end of 2020, the team was working on the design of the structure of the Fund for presenting to potential donors.



“Agriculture is the noblest of all alchemy; for it turns earth, and even manure, into gold, conferring upon its cultivator the additional reward of health.”

—: Paul Chatfield.

2. Message from the Chairperson

Agriculture continues to play a pivotal role in the Zimbabwean economy. The sector is home to thousands of smallholder farmers involved in the production of various crops and livestock. ZADT was originally established in 2010 to provide financial support to benefit the smallholder agricultural sector. The Trust has therefore been addressing a funding gap created by the liquidity crunch in 2009 which affected financial institutions who had been selected to be conduits for disbursing the funding. On 22 February 2019 Statutory Instrument 33 (SI 33) of 2019 was issued specifying that all assets and liabilities that were in USD immediately before 22 February 2019 were deemed to have been valued in RTGS at a rate of 1:1. Again, on 24 June 2019 the Government of Zimbabwe through another Statutory Instrument 142 (SI 142 of 2019) discontinued the multicurrency regime which had been in place since February 2009 and introduced the Zimbabwe Dollar (ZWL$) which was designated as the country's sole legal tender to be used for all local transactions. These monetary policy changes resulted in the Trust stopping provision of funding through financial institutions and adopting the direct investments model.

2020 in overview

Secretariat

The Trust delivers on its mandate through a dedicated Secretariat comprising of 9 members of staff headed by a Chief Executive Officer. The Secretariat has three main units namely Investments, Finance and Administration and Monitoring Evaluation Accountability and Learning (MEAL) which are headed respectively by Fortunate Vengesai as Investments Manager, Sarah Chimonyo as Finance and Administration Officer and Morris Mudiwa as MEAL Officer.

Board of Trustees

The Board, the Human Resources Committee and the Audit and Compliance Committee meets quarterly as per the standing Trust regulations to provide the necessary oversight to the Secretariat. However, because of the lockdown restrictions brought about by the Covid 19 pandemic, most of the meetings were held virtually during the period under review. The Investments Committee on the other hand met monthly during the year because of the need to consider investment proposals as and when they were presented by the Secretariat.

2. Message from the Chairperson (continued)

Operations review

The financial performance of the Trust for the year under review was not spared by the effects of the Covid 19 pandemic. This resulted in subdued economic activity. The impact of this on Trust operations was reduced revenue generation from co-investments. Based on historical cost accounting a surplus of ZWL$199 687 460 was made in 2020 compared to ZWL$2 447 073 in 2019. However, the inflation adjusted position showed that the Trust had a deficit of ZWL$29 611 972. This was a significant improvement from the 2019 deficit of ZWL$828 455 096. As a result of the macro-economic challenges the Board decided to split the fund into three categories namely the Capital Growth Fund, the Partnerships Fund and the Revenue Fund (for meeting operational costs).

We are in constant contact with the Reserve Bank through our Bankers to ensure the security of the Funds (US$ 8 million) that fall under blocked funds.

Directorate

The Board of Trustees provides oversight and guidance. In 2019 four Members of the Board resigned. These were Mikkel Klim, Naa-Aku Acquaaye Baddoo, Dr. Benedict Gilbert Moyo and Kumbirayi Katsande. Julie Graham was appointed by the end of that year to replace Naa-Aku Baddoo. In 2020 two Trustees, Dorothy Mushayavanhu (independent) and Tanja Lubbers (from Hivos which holds a permanent institutional seat in the Board) also resigned. Dorothy had served her full term whilst Tanja resigned to take up a post outside the country. The following new board members were appointed in 2020; Kennedy Mugochi who replaced Tanja Lubbers and three independents Tawanda Namusi, Faith Chipiwa Mberi and myself who came in as the new Chairperson. I would like to take this opportunity to thank all the members who served the Board for their sterling contribution to the success of the Trust during their tenures and wish them well in their new endeavours.

I would like at this moment to take this opportunity to extend my heartfelt gratitude to our funding Partners namely the Royal Danish Ministry of Foreign Affairs through the Danish International Development Agency ("DANIDA"), the Foreign Commonwealth & Development Office (FCDO) and the Ford Foundation. I also want to welcome DanChurchAid (DCA) who provided funding to the Trust in 2019.

I would also want to thank my recent predecessors both Mr. Kumbirai Katsande and Leif Reeckmann who assumed the Chairmanship role prior to my appointment for their leadership of the Trust. Last but by no means least I would like to express the board's sincere gratitude to the Secretariat for the job well-done under difficult circumstances. The Board is confident that they will continue to keep the ZADT flag flying high. Finally, I would like to thank my fellow board members who have done a sterling job. I would like to wish them all including our partners continued success as we press on together to achieve our noble objective of positively impacting on the livelihoods of the smallholder farmers.

Rachel Pfungwa Kupara

Board Chairperson

3. Message from the CEO

Indeed, the year 2020 presented its unique set of challenges which were not only experienced in Zimbabwe but the whole world. The outbreak of the Corona Virus Disease 2019 (COVID-19)- saw businesses shutting down operations as efforts were made to curb the spread of the virus. In response to the lockdown measures which became protracted, ZADT devised strategies for staff to work virtually. Meetings with staff as well as with external clients were held through several virtual platforms such as Skype, WhatsApp, Zoom, Google Meet and Microsoft Teams.

Given the pressures of preserving fund value against the need for growth and sustainability of the Trust in the current hyperinflationary environment I am happy to report that the Board approved a restructuring of the Fund and we managed to split it into three categories to guide deployment. These are Capital Growth Fund, the Partnerships Fund and the Revenue Fund. The Revenue Fund is for meeting operational costs of the Secretariat. We therefore managed to reduce our capital from loans portfolio and deployed funds directly to investee projects through the co-investment business model. The value of our investments in both listed and unlisted shares grew to a total of ZWL$143 358 420. This represented a 54.7% increase from what it was in 2019.

The establishment of the foreign currency auction trading system by the Central Bank also helped to stabilize the local currency during the period. ZADT managed to have the blocked funds with the Central Bank registered which was a significant achievement in restoring some value to the Fund. Of the available Fund we managed to deploy almost all of it, registering 95% utilization. At some point after full deployment, the Trust was putting on standby applications for funding from prospective businesses. By the end of the year ZADT had built a pipeline of investment opportunities to deploy the funds held at the Central Bank. We look forward to drawing down a significant portion of our Capital at Reserve Bank in 2021.

To help deliver on our mandate of improving smallholder agriculture I am pleased to point out that despite the lockdown restrictions in 2020 we managed to engage in collaborative activities with other development organisations to capacitate smallholder farmers. These were through partnership projects such as the Food for Export Master Class (FEM2020) targeting female entrepreneurs which we implemented together with Hivos, ZimTrade,

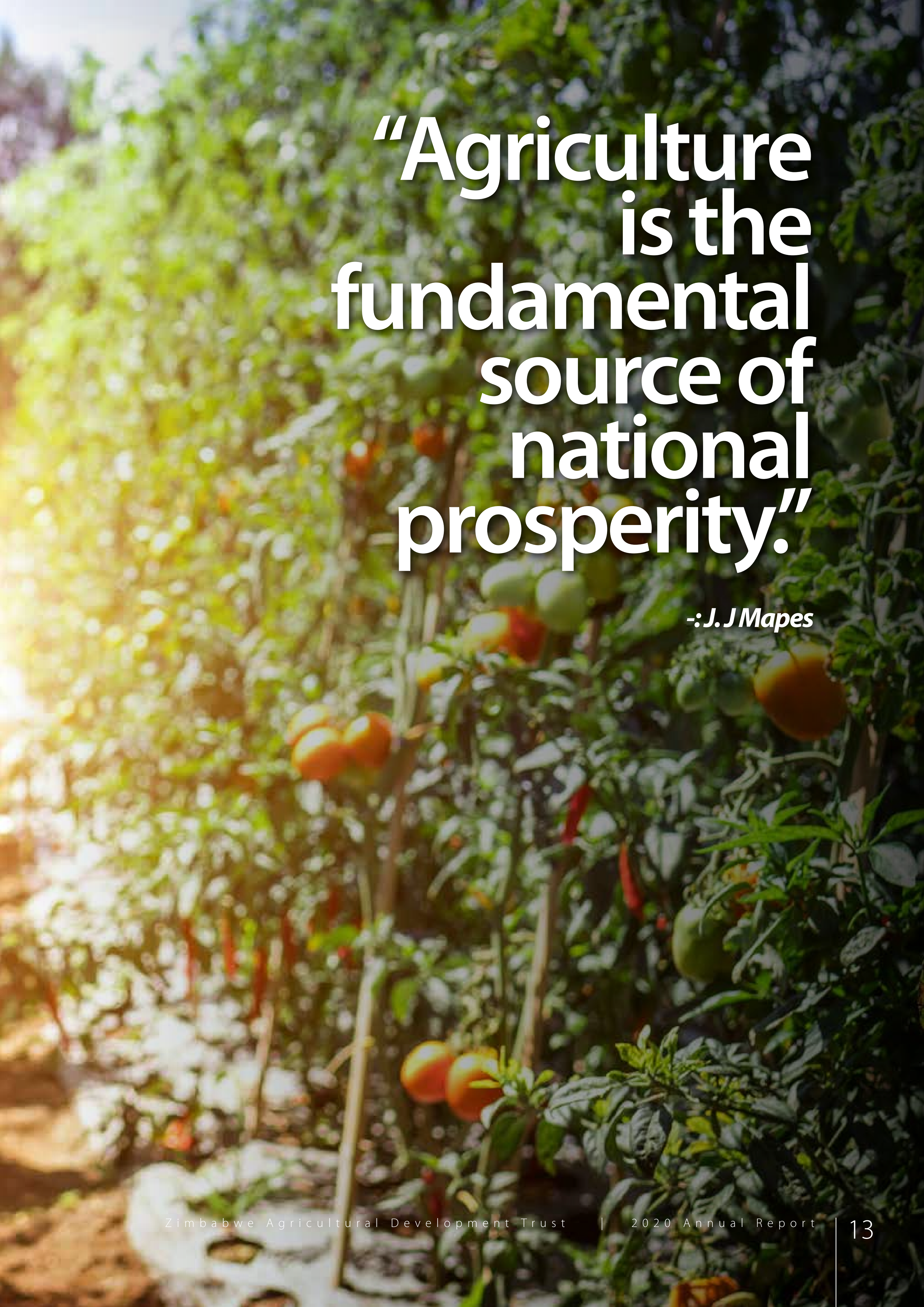
3. Message from the CEO (continued)

the Netherlands Embassy and PUM Netherlands, a Dutch Senior Experts organization; the R4 Rural Resilience Initiative pilot programme for Small-Scale Mechanization implemented in Masvingo in collaboration with the International Maize and Wheat Improvement Centre (CIMMYT); the Opportunities for Youth Employment (OYE) project being implemented in collaboration with SNV Zimbabwe aimed at increasing youth employment and incomes through skills development. We have also partnered with the International Labour Organization (ILO) under their Green enterPRIZE initiative to expand the financial and technical support to smallholders and enterprises in the agricultural value chain to strengthen SMEs sustainability and job creation potential. In the Dairy sector ZADT entered into a collaboration arrangement with DCA, Dzumbunu smallholder farmers and the Farmers' Association of Community self-Help Investment Groups (FACHIG) Trust under the Marirangwe United Bush Dairy initiative. DCA provided funding to a group of smallholder farmers in Marirangwe to enable them to purchase shares into the MUBD. ZADT is managing the facility. As ZADT we would like to deepen our collaboration with other development institutions working in the smallholder agriculture sector so that we leverage on each other's competencies.

As we go into 2021, we look forward to expanding our portfolio of investments and work through mobilising additional resources, and strategic partnerships with like-minded development institutions in order to continue to fulfil our core mandate of improving the lives of smallholder farmers. I would like to express my utmost appreciation to the Trustees in their individual capacities and as a Board for their support during this transitional phase we are going through. I would also like to express my gratitude to all our business partners during the year. Finally, yet importantly salute the entire Secretariat Team for the determination shown during the year as we all had to adopt new ways of continuing to discharge our mandate under the Covid-19 pandemic.

Godfrey R. Chinoera

Chief Executive Officer



“Agriculture is the fundamental source of national prosperity.”

-: J. J Mapes

4. Introduction

The ZADT 2020 Annual report is prepared primarily for the Trust's key stakeholders. It presents highlights of the Trust's activities during the financial year. The report captures key activities done and also presents audited financial results for the period.

5. Performance of the 2020 agricultural season

The 2020 harvest was below-average with maize production standing at 907 628 MT although it was 17% more than the previous season. According to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement's (MLAFWRR's) Second Round Crop and Livestock Assessment (May 2020), the total cereal production was 1.06 million tonnes against a national cereal requirement of 2.2 million tonnes for human and livestock consumption. This means from the 2020 season Zimbabwe had a cereal deficit of almost 1.2 million tonnes, which will have to be replenished through cereal imports. This posed a serious challenge for importers due to Foreign currency shortages and a national currency that has decreased in value by 80 percent since early-May 2020.

The poor harvests coincided with the outbreak of COVID-19 pandemic in the country which saw Government instituting the first lockdown at the end of March 2020. This resulted in disruptions to harvesting activities and the movement of fresh produce to local and regional markets due to limited transport. This negatively impacted on the incomes of farmers and availability of food in urban areas. COVID-19-induced restrictions therefore brought unanticipated challenges. Livestock movement and closure of abattoirs and livestock markets affected poor rural and urban populations' access to food. Coupled with loss of labour opportunities, loss of remittances from relatives and friends working outside Zimbabwe, this had an effect on the ability of households affected by the 2020 crop failure to access quality seed and fertilizer for the upcoming 2020/21 summer cropping season.

Meanwhile, the 24th Southern African Regional Climate Outlook Forum (SARCOF 24) issued a seasonal outlook produced by regional climate experts. They forecasted that there would be "normal to-above-normal" rainfall across most of the Southern African Development Community (SADC) between October 2020 and March 2021. By the end of the year indeed favourable rainfall had fallen facilitating above-average area plantings and significant improvements in water, pasture, and livestock conditions. Above-average national 2021 production is expected.

6. About the ZADT Fund

The ZADT Fund, formerly known as the Credit for Agricultural Trade and Expansion (CREATE) Fund, is a revolving fund which was established in 2010 for the sole objective of supporting smallholder agriculture in Zimbabwe. Development institutions operating in the country namely the Danish International Development Agency (DANIDA), Foreign, Commonwealth Development Office (FCDO, formerly UKAID) and the Ford Foundation contributed to the establishment of this Fund.

7. ZADT funding model

In 2020 ZADT invested directly into targeted businesses through shareholding or co-investments. The Co-Investment funding model was premised on ensuring fund preservation and the sustainability of the Trust's activities in an operating environment characterized by financial volatility. Whilst ZADT has been disbursing funds through financial institutions which it enjoys working relationships with, the current funding strategy is through direct co-investments. Medium term facilities which were still running with the financial institutions at the time of change of model were being managed pending maturation after which all funds will then be deployed in Co-Investments.

8. ZADT Fund portfolio analysis

This section presents highlights from the Trust's investment activities. Noting the current socio-economic climate characterized by hyper-inflation, the Trust was faced with the challenge of preserving the Fund which is denominated in local currency whilst at the same time fulfilling its mandate of benefitting smallholder agriculture. The portfolio was therefore a balancing act on competing objectives and priorities.

8.1 Fund breakdown

Table 1: Fund breakdown as at 31 December 2020

Category	ZWL$ value	US$ equivalent at RBZ Mid-rate as at 31 December 2020
Co-Investments @ current value	15 358 016	163 954
Loans	2 839 667	34 630
Property and Equipment	45 505 576	554 946
Stock Market Investments	14 318 794	174 619
Investment in unlisted shares	129 039 626	1 573 654
RBZ Blocked Funds	646 292 800	7 881 620
Total	**853 354 479**	**10 383 423**

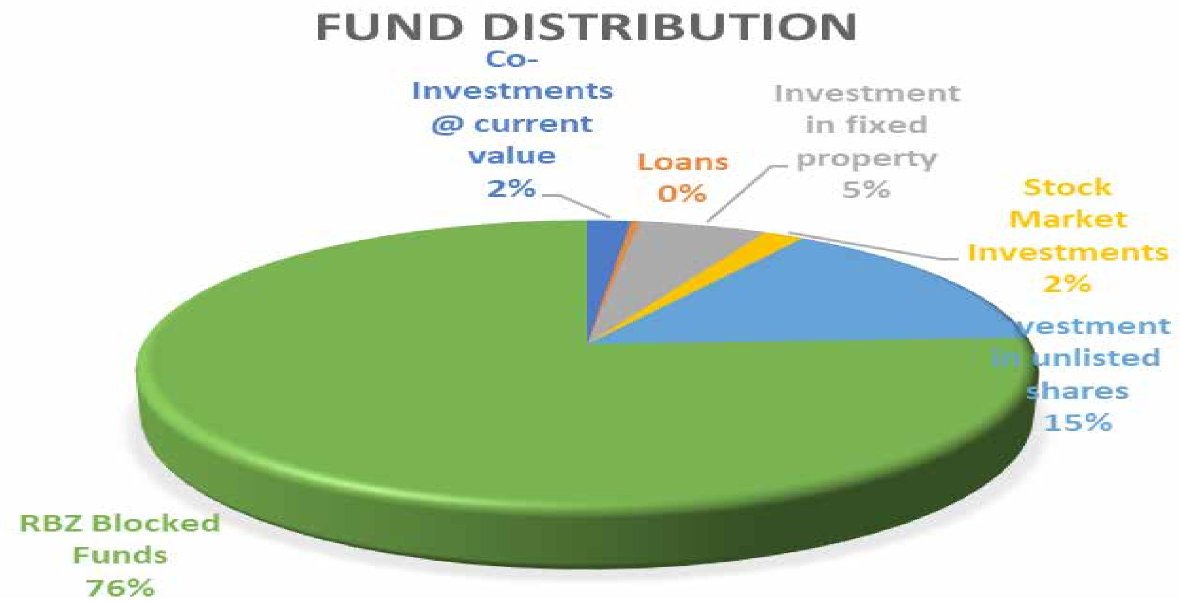
As presented in Table 1, as at 31 December 2020 the ZADT Fund stood at ZWL$853 354 479. The proportionate distribution is presented in Figure 1.

The bulk (76%) of the Fund was in blocked funds at the RBZ. ZADT was exploring opportunities to accommodate these funds.

Investments in unlisted shares constituted 15% whilst Stock market investments had a 2% share of the total Fund. Fixed property investments constituted 5%, whilst Co-Investments in businesses stood at 2%.

Loans had the least proportion of 0.3% mainly because all loan maturities continued to be redeployed under the co-investment model.

Figure 1: Proportionate distribution of the Fund.



8.2 Investments into capital preservation projects

Investments done with the main objective of preserving the Fund include Nurture Finance, Marirangwe United Bush Dairy (MUBD), Chia Growers Zimbabwe, Mr Brands and Ice Feeds.

Investments in Marirangwe United Bush Dairy is benefitting 38 smallholder farmers involved in dairy production. Each farmer bought shareholding equivalent to a dairy cow each. The farmers receive dividends periodically. Because of high demand from smallholder farmers to participate in dairy, an additional 21 beneficiaries are under consideration to be added into the scheme. This will bring up the number of beneficiaries to 59. The mobilization, selection and registration of the beneficiaries is done through a Partner NGO called Farmers Association of Chiefs Headman Investment Groups (FACHIG).

CHIA Growers Zimbabwe is involved in the production of Chia, a relatively new legume value chain on the Zimbabwe market and is grown mainly for export. The Company engages smallholder farmers to grow the crop on a contractual basis. Currently about 200 farmers are on the company's growers list.

Investment into Mr. Brands was for purchasing of grain. Again, smallholder farmers benefitted through access to a ready market for their grain. Ice Feeds accessed the ZADT facility for investing in stock feeds. Stock feeds are accessed by smallholder farmers especially poultry feeds where thousands of smallholder farmers are involved in.

8.3 Investments in shares

In 2020 ZADT held investments in both listed and unlisted shares. Listed shares were acquired through the Zimbabwe Stock Exchange (ZSE). The Counters and the respective shares and values are presented in Table 2.

Table 2: ZADT investment in listed shares

Company	Number of shares	Share Value (ZWL$)
Padenga Holdings Limited	187 276	4 367 539
Innscor Africa Limited	56 308	2 089 376
Econet Wireless Limited	218 053	2 070 435
Cassava Smartech Zimbabwe	69 200	450 437
Old Mutual Zimbabwe Limited	79 536	5 341 008
Total		**14 318 794**

Old Mutual shares are however, under suspension. ZADT appointed MMC Capital as the broking company which managed the investments over the reporting period.

Unlisted shares bought were into Smart Surburb Pvt Ltd. These were valued at ZWL$129 039 626 as at 31 December 2020. This value is based on an independent professional valuation of the primary underlying asset of Smart Surburb. Through these shares ZADT has managed to preserve the value of its invested capital. ZADT also bought shares in Marirangwe United Bush Dairy Cooperative for capital preservation and growth. Marirangwe United Bush Dairy is a cooperative of smallholder farmers with the purpose of increasing milk production and quality. The cooperative is providing an opportunity for SHFs to achieve scale advantages through a more professional setup and ensures training and jobs to the local community. If the cooperative succeeds ZADT will invest in similar dairy initiatives in the country.

8.4 Investments into revenue generating projects

Primary and significant income generating investments were made into Nurture Finance, MC Meats and Success Microfinance. The bulk of these investments were into beef. These entities' business activities benefitted smallholder farmers in terms of provision of a market for their cattle. ZADT made two investments in Nurture Finance which were running in 2020. The first one was a direct investment in a specified Beef Cattle breeding herd; whilst the other one was an investment in pooled livestock units.

Nurture Finance supports smallholder beef farmers who are interested in improving their breeding. ZADT invested directly into an initiative where a herd of cattle was purchased. These animals were bought through CC Sales, a sister company of Nurture Finance, where hundreds of smallholder farmers benefitted through access to a market for buying and selling their animals. In this investment ZADT also preserved its capital through the animals whilst at the same time benefitting from growth through progeny from the herd.

In another investment in the same company, ZADT bought livestock units which appreciated in value by the end of 2020. Appreciation in investment value was due to the increase of livestock unit prices.

The investment in MC Meats was for pen fattening where MC Meats bought cattle for pen fattening from smallholder farmers. Several batches were purchased, fed and disposed during the year.

8.5 Collaboration projects with other development organisations

8.5.1 The Food for Export Masterclass Programme

The Food for Export Masterclass 2020 (FEM2020) Programme is a collaborative programme between the Netherlands Embassy in Harare together with the Zimbabwe Agricultural Development Trust (ZADT), Hivos, ZimTrade and PUM, a Dutch Senior Experts organization. The program which was targeting women entrepreneurs was fully customized and highly focused offering trainings on creation of agricultural value chain based bankable business plans, production methods and certification. Networking skills and personal development of the targeted women entrepreneurs was also inculcated to ensure the entrepreneurs have the confidence to lead, take risks and to innovate.

The Programme was signed at the beginning of the year. Despite the outbreak of Covid-19 which delayed the roll out of activities due to lockdowns the Programme was successfully implemented. Meetings and training sessions for participants were done virtually. A total of 15 Women Entrepreneurs were enrolled and participated in the programme and these were drawn from different parts of the country which includes Harare, Bulawayo, Gweru, Rusape, Headlands, Marondera/Wedza, Norton and Chitungwiza.

The Entrepreneurs are involved in the horticulture, agri-food, processed foods and dairy sectors. The specific value chains include dairy, honey, horticulture, nuts, fruits, Chia and herbal teas. Some of the entrepreneurs were already exporting whilst others were working towards that. Almost all the participants deal with smallholder farmers in their value chains especially for supply of raw materials.

Figure 2: Participants at the launch of the training programme

As the capacity building phase nears completion ZADT and the Partners have commenced activities to facilitate access to suitable finance for the businesses. The FEM2020 Programme is expected to be completed by the end of 2021.

8.5.2 Small Scale Mechanization Project

International Maize and Wheat Improvement Centre (CIMMYT) is implementing the R4 Rural Resilience Initiative pilot programme for Small-Scale Mechanization. The R4 Rural Resilience Initiative is promoting and expanding climate-resilient agriculture technologies, to address day-to-day work and labour constraints on planting, shelling and transport of agri-inputs and produce to and from markets which have been identified as major bottlenecks to smallholder agricultural productivity, reducing the drudgery of smallholder farming and improving efficiency to income generation and food security.

The Small-Scale Mechanization pilot project is being implemented in the Chebvute area located in Tadzembwa Village, Ward 17 of Masvingo Rural District where it is working with 15 agri-service providers. CIMMYT provided a Lease-to-Own credit facility to the service providers to enable them to access small agricultural mechanized equipment. ZADT was sub-contracted to manage the Small-Scale Mechanization Lease-to-Own Finance Facility on behalf of CIMMYT. ZADT is responsible for registering the service providers; conducting due diligence clearance appraisal, monitoring and collecting repayments from the service providers until the loans have been repaid in full, and ensuring ownership of the equipment is transferred into the hands of the leasees at the end of the pilot project. The Project was launched in September 2020. The service providers will repay the loan for the equipment over a two-year period, the first four months of which are grace period.

Figure 3: One of the beneficiary service providers with his tractor and trailer

Kurima Machinery and Technology is the company which was contracted by CIMMYT to supply the project equipment to the service providers.

8.5.3 Opportunities for Youth Employment (OYE)

In September 2020 ZADT signed a Contract with SNV under its Opportunities for Youth Employment project in Zimbabwe. The project is aimed at improving access to finance for youths through providing appropriately priced risk capital. Through its financing model ZADT is offering an integrated approach combining guarantee and finance options to promote value chains identified for the project to stimulate OYE by enhancing productivity, creating wealth within target projects and sectors, promoting economic diversification and more inclusive growth. ZADT is capacitating the Youths to develop bankable business plans so that they access credit facilities from financial institutions including ZADT.

Figure 4: ZADT capacitating Youths under the OYE Programme on how to prepare bankable business proposals for funding

In Quarter 4 of 2020 ZADT trained the 1st group of Youths on access to finance. After the training the Youths started preparing bankable proposals to submit for consideration. The review of the proposals is expected to take place in Quarter 1 of 2021.

8.5.4 Dzumbunu Smallholder Dairy Farmer Project

ZADT, DCA, Dzumbunu smallholder farmers and FACHIG entered into a collaboration arrangement under the Marirangwe United Bush Dairy initiative. ZADT provided funding to a group of smallholder farmers in Marirangwe to enable them to purchase shares into the MUBD. A total of 38 smallholder farmers benefitted. Beneficiary farmer agreements were signed by the farmers. By buying shares the farmers are earning income from dairy through dividends without the hassle of actually owning and running a dairy herd.

Figure 5: Smallholder farmers at Dzumbunu village registering for the MUBD membership

Some of the farmers actually have their own dairy cows. By participating in the MUBD initiatives these farmers benefit from the know-how they get from experienced dairy entrepreneurs.

8.5.5 Establishment of the Ascend Social Return Fund

Impact Fund for Resilient Female Entrepreneurs (IF4RFE) which was later renamed the Ascend Social Return Fund (ASRF) was designed as an add-on to a training program for female entrepreneurs in agriculture and horticulture who were trained under the FEM2020 programme. The scope of the ASRF is to design a social return fund to provide these entrepreneurs with suitable and attainable financial support. This is being implemented by three partners namely the Netherlands Embassy (RVO), Cross Wise Works and ZADT.

The Project has five main components as follows;

- Identifying the investment needs of women agri-entrepreneurs in the training programme & understanding their access to finance in the Zimbabwean market: Specifically, this involves identifying their investment needs, their relation to their surrounding community and potential social return exchange, and their suitability for existing Financial Service Providers.

- Mapping support programs, business networks, and international best practices: This includes mapping existing projects and programs for female entrepreneurs, the best practices from other grant-based funding schemes worldwide and exploring links to the Horticulture centre of excellence and how the financing component can strengthen female-entrepreneurs inclusion in the centre's network and supply chains.

- Stakeholder validation on potential fund structures for female agri-entrepreneurs: This involves outlining potential designs for the fund structure within existing project and Zimbabwean regulations and testing fund designs and repayment methods (social returns, milestone repayments, in-kind payments) with partners, stakeholders & entrepreneurs.

- Fund Design: Fund design including integration with project partners, processes, trainings & responsibilities, budget outline, Instruments for investments, post-investment support, process descriptions, fund Management capacity, Impact Measurement Framework, implementation plan. Throughout the project options and opportunities will be explored for fundraising of the fund's capital base.

- Dissemination of insights and learnings for replicating and informing potential stakeholders and interest parties

9. Governance

The Board of Trustees recognizes the link between governance and sustainable organizational performance to achieve the objectives of the Trust to promote growth in primary agriculture and related value chain actors in the agriculture sector. The Board of Trustees is therefore committed to transparency, accountability and integrity in leading the activities of the Trust.

9.1 ZADT Board

The size of the Board of Trustees is dictated by the Trust Deed, which permits a maximum of eight members, three of whom shall be appointees of founders and investors/donors as follows: - one Trustee representing SNV, one Trustee representing Hivos, one Trustee representing Donors/Investors and the CEO of the Trust holding office ex officio, and that four Trustees shall comprise independent Zimbabwean Trustees. The founders and investors/donors in the Trust appoint the Chairperson. A Trustee who has served on the Board for a period of six years is not eligible for re-election.

Board meetings are held quarterly and in addition whenever circumstances demand. Trustees are invited to add items to the board meeting agenda.

ZADT Board of Trustees

(as at 31 December 2020)

Rachel Pfungwa Kupara
Chairperson

Godfrey R Chinoera
Chief Executive Officer

Leif Reeckmann
Member

Faith Chipiwa Mberi
Member

Tawanda Namusi
Member

Kennedy Mugochi
Member

Julie Graham
Member

Board Committees

In accordance with the Trust Deed the Board has reserved certain matters for its exclusive mandate and has approved delegated authority for specific matters to various committees all of which have formal Terms of Reference which are subject to annual review. Through review and regular reporting by the Committees, the Board is able to receive assurance that inter alia, key risks, opportunity areas, operational, financial and non-financial aspects relevant to the Trust's activities are monitored.

Investment Committee

The Investment Committee undertakes extensive due diligence research on potential beneficiaries of the ZADT Fund for facilities that exceed management's discretion, assesses Management's recommendations for changes to the investment policies and present to the Trust Board for approval, monitors the investments portfolio quality and the underlying default risk arising from adverse internal and external factors impacting on investee businesses, monitors actual and forecast investment exposures against policy limits and risk appetite and monitors the overall performance of the ZADT Fund. Where special expertise is required that is not within the Trust, the Committee with the approval of the Board is able to use external resources to assist in the evaluation of investment opportunities

Audit Risk and Compliance Committee

The Audit Risk and Compliance Committee continuously evaluates the Trust's exposure and response to significant risk, reviews the appropriateness and adequacy of the systems of internal financial and operational control; reviews and evaluates accounting policies and financial information of the Trust, reviews the performance of the internal and external auditors, recommends the appointment of the external auditors and recommends their fees to the Board of Trustees for approval.

Human Resources Committee

The Human Resources Committee assists the Board in the recruitment of the Chief Executive Officer, assists the Chief Executive Officer in the recruitment process of the Senior Management Team reporting directly to him/her and provides an independent and objective body that will make recommendations on policies and practices as well as on remuneration and other relevant human resources matters, for the Chief Executive and his staff.

9.2 ZADT Secretariat

Since 2013 the ZADT Board appointed a Secretariat which is headed by a Chief Executive Officer. The Secretariat is an autonomous management body which runs the day-to-day operations of the Trust. In 2020 the Secretariat was organised into four main units namely Investments, Finance and Administration, Monitoring Evaluation Accountability and Learning, and Risk and Compliance.

During the year the ZADT Board of Trustees and its Committees provided the necessary oversight and support to the Secretariat in the performance of its functions through the CEO. At the beginning of the financial year the Secretariat had a staff compliment of 11. There were three (3) resignations during the year resulting in a staff complement of 8 as at 31 December 2020.

10. Financial Statements

General Information

Country of Incorporation and Domicile	Zimbabwe
Nature of Business and Principal Activities	Provision of access to finance and related capacity building services to smallholder farmers and other agricultural value chain actors whose businesses directly or indirectly benefit smallholder farmers.
Board of Trustees	Rachel Pfungwa Kupara (Chairperson) (Appointed May 2020) Leif Reeckmann Tawanda Namusi (Appointed May 2020) Faith Chipiwa Mberi (Appointed May 2020) Dorothy Mushayavanhu (Retired April 2020) Tanja Lubbers (Retired September 2020)
Registered Office	Zimbabwe Agricultural Development Trust 44 The Chase Mt Pleasant Harare
Business Address	Zimbabwe Agricultural Development Trust 44 The Chase Mt Pleasant Harare
Bankers	Standard Chartered Bank
Auditors	Nolands Harare Chartered Accountants Registered Auditors No.7 Glenara Avenue South Eastlea Harare
Attorneys	V Nyemba and Associates Legal Practitioners 6th Floor Beverly Court 100 Nelson Mandela Avenue Harare Danziger and Partners Legal Practitioners 5th Floor First Mutual Building Corner 9th Avenue and Jason Moyo Bulawayo
Secretariat	Ruramai Godfrey Chinoera - Chief Executive Officer Fortunate Vengesai - Investment Manager Morris Mudiwa -Monitoring, Evaluation, Accountability and Leaning Officer Sarah Chimonyo - Finance and Administration Officer Josephine Dube - Risk & Compliance Officer
Main Funders	Danish International Development Agency ("DANIDA") Foreign Commonwealth Development Office (FCDO, formerly UKAID) Ford Foundation DanChurchAid ("DCA")
Preparer	Sarah Chimonyo [Finance and Administration Officer]

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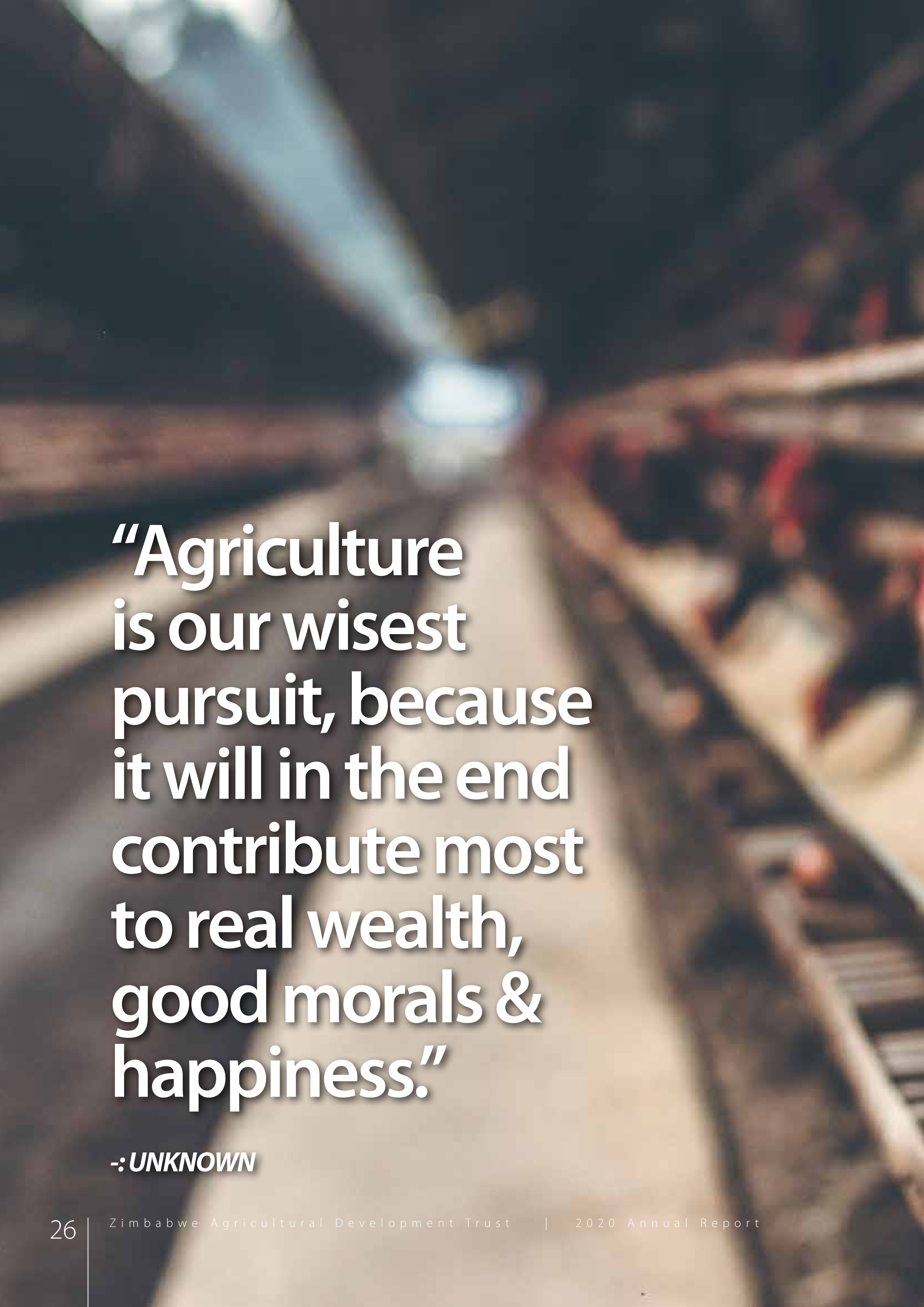

"Agriculture is our wisest pursuit, because it will in the end contribute most to real wealth, good morals & happiness."
-: UNKNOWN

Board of Trustees' Responsibility and Approval

for the year ended 31 December 2020

INTRODUCTION

Zimbabwe Agricultural Development Trust ("the Trust" or "ZADT"), is a trust that was formed by SNV Netherlands Development Organisation - Zimbabwe and Hivos - Zimbabwe. It is funded by The Royal Danish Ministry of Foreign Affairs ("DANIDA"), Foreign Commonwealth Development Office (FCDO, formerly UKAID), and Ford Foundation and DanChurchAid (DCA). The Trust's objective is to promote growth in primary agriculture and related value chains with the main aim of improving food security and incomes for rural communities through provision of funding for agricultural activities.

STATEMENT OF THE BOARD OF TRUSTEE'S RESPONSIBILITIES

The Board of Trustees is responsible for the preparation, presentation and integrity of the financial statements and all the information contained in the report. The information contained in these financial statements has been prepared in accordance with the accounting policies described in note 2 of the financial statements and they incorporate full and responsible disclosure to ensure that the information contained therein is both reliable and relevant.

The Board of Trustees is 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 a material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

These financial statements are prepared on the going concern basis. Nothing has come to the attention of the Board of Trustees to indicate that the Trust will not remain a going concern for the foreseeable future.

The Trust's independent auditor, Nolands Chartered Accountants (Zimbabwe), has audited the financial statements and their report appears on page 31-33.

The financial statements set out on pages 34 to 61 were approved by the Board of Trustees on 01/07/2021 and are signed on its behalf by:

Rachel Pfungwa Kupara
Board Chairperson

Faith Chipiwa Mberi
Board Audit, Risk & Compliance Committee Chairperson

Board of Trustees' Report

for the year ended 31 December 2020

ECONOMIC OVERVIEW AND FRAMEWORK

Hyperinflationary Reporting

Following the liberalisation of the exchange rate in February of 2019, there has been a significant depreciation in the exchange rate of the local currency unit against the United States Dollar which in turn resulted in the economy plunging into hyper-inflation. In light of this background the Public Accountants and Auditors Board (PAAB) issued a pronouncement on 11 October 2019 confirming that the economy had become hyper-inflationary and consequently financial reporting needed to comply with International Accounting Standard (IAS 29) "Financial Reporting in Hyperinflationary Economies" having noted that the conditions required to apply IAS 29 had materialized. In compliance with this pronouncement the Board of Trustees moved to prepare the financial statements using the hyperinflationary accounting basis to achieve fair presentation at the reporting date of 31 December 2020.

Functional Currency

On 22 February 2019, the Reserve Bank of Zimbabwe (RBZ) issued an Exchange Control Directive, RU 28 of 2019 which established an interbank foreign exchange market to formalize the buying and selling of foreign currency through the Banks and Bureaux de Change. On the same date, Statutory Instrument 33 (SI 33) of 2019 was also issued and it specified that all assets and liabilities that were in USD immediately before 22 February 2019 were deemed to have been valued in RTGS$ at a rate of USD/RTGS$1:1. On 24 June 2019, through Statutory Instrument 142 (SI 142) of 2019, the Government of Zimbabwe discontinued the multicurrency regime which had been in place since February 2009 and introduced the Zimbabwe Dollar (ZWL$), which was designated as the country's sole legal tender to be used for all local transactions and other purposes. The Board of Trustees, having assessed all these developments, accounted for the change in the Trust's functional currency from USD to RTGS dollars on 22 February 2019, which subsequently changed to Zimbabwe Dollars (ZWL$) following the issuance of SI 142 of 2019 on 24 June 2019.

Business Model

The original business model was a transactional business model where the beneficiaries of the ZADT Fund accessed credit through local banks and microfinance institutions based on agreed criteria between ZADT and the financial institutions. Interest rates were in line with regulatory requirements whilst collateral was based on the credit risk assessments as determined by partner financial institutions.

The operating environment from 2019 into 2020 was characterized by rampant inflation rates which were above interest rates charged to beneficiaries, resulting in a mismatch between income and expenditure for ZADT. The rapid depreciation of the local currency against the United States Dollar also resulted in the ZADT Fund losing value. The original business model therefore became unsustainable resulting in the ZADT adopting a new financing model at the end of Quarter 3, 2019. The main objective of the Trust in adopting the new business model was to ensure fund preservation and the sustainability of the Trust's activities to enable it to continue to play its role in line with the purpose of its establishment.

In terms of risk management, ZADT has formulated risk management strategies in all areas of operation and the risks faced include operational risk, counter party risk, settlement risk, market risk, compliance risk and liquidity risk. The Trust manages these risks through an enterprise-wide risk management framework. Daily operational risks are managed through meetings of functional heads in consultation with the Chief Executive Officer who in turn has scheduled and frequent ad-hoc meetings and briefs with the Board of Trustees to address issues as they arise.

Board of Trustees' report (Continued)

Review of 2020 Activities

As at 31 December 2020 the ZADT Fund stood at ZWL$978 135 184.00, the bulk (67%) of which was in blocked funds at the RBZ. Fund utilization during the year included co-investments in several agribusinesses, loans disbursed through financial institutions through the transactional model and fixed property. The trust utilized all the available funds.

Following the adoption of a new business model by the Trust during the last quarter of 2019, there was a deliberate strategic shift which saw the deployment of all fund maturities from loans into investments under the new model. Utilization of available funds was more than 95% as at 31 December 2020. The funds available for investment into projects in 2019 was ZWL$24.5 million of which 95% was utilised as at 31 December 2020. US$8 million was approved as blocked funds by the Reserve Bank of Zimbabwe at the beginning of 2020 but there were no modalities in place to access and utilise the funds for ZADT business in 2020.

The total inflation adjusted income received in 2020 amounted to ZWL$176 820 412 against total costs of ZWL$206 432 384 resulting in a deficit of ZWL$29 611 972.

Outlook

The implementation of the new business model was supposed to be intensified in 2020; however due to the COVID-19 pandemic activities were minimised because of lockdowns and challenges to facilitate staff working from home.

The ZADT will continue to focus on fund preservation and ensuring sustainability. At the same time the Trust will step up its efforts to partner and collaborate with other development institutions in investing and supporting smallholder farmers in agriculture in line with its mandate. As part of fund preservation ZADT will continue to seek opportunities to invest in projects that generate and enable the Trust to earn foreign currency.

Board Changes

The terms of Dorothy Mushayavanhu and Tanja Lubbers came to an end in 2020. The Board of Trustees would like to thank the former Trustees for their invaluable contribution to the Trust over the years of service.

Acknowledgements

The continued success of the Trust in positively impacting on the livelihoods of smallholder farmers is a direct result of the financial support that was provided mainly by DANIDA and the FCDO. I would like to, in that regard, thank the Development Partners.

In light of the difficult operating environment during the period under review, I would like to appreciate my fellow Trustees and the whole Management team for their sterling work done to maintain the Fund whilst at the same time delivering value to target beneficiaries. My appreciation also goes to all our clients and business partners for the support rendered during the year 2020. I am hopeful that with such continued support the Trust will scale even greater heights of achievement in 2021.

Rachel Pfungwa Kupara

Board Chairperson

7 GLENARA AVENUE SOUTH | Cnr Samora Machel Avenue | Eastlea | Harare | Zimbabwe
PO Box CY1063 | Causeway | Harare | Zimbabwe
T +263 (04) 481037/9 F +263 (04) 495225 E enquiries@nolandshre.co.zw
W www.nolands.co.zw

Nolands
NOT YOUR ORDINARY AUDITORS

Independent auditor's report

To the members of Zimbabwe Agricultural Development Trust

Adverse Opinion

We have audited the accompanying financial statements of Zimbabwe Agricultural Development Trust, which comprise of the Statement of Financial Position as at 31 December 2020, and the Statement of Surplus and Deficit and Comprehensive Income, Statement of Changes in Reserves and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and the explanatory notes as set out on pages 34 to 61.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the accompanying financial statements do not present fairly, the financial position of Zimbabwe Agricultural Development Trust, as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Private Voluntary Organisation Act (Chapter 17:05).

Basis for Adverse Opinion

Comparative information and Opening balances

The prior year financial statements for the year ended 31 December 2019 had an Adverse opinion basing on improper application of International Accounting Standard (IAS) 21 "The Effect of Changes in Foreign Exchange Rates". During the financial year ended 2019, the Trust operated in an environment where suppliers were applying multi-tier pricing, where a single product had different prices depending on the mode of payment, whether USD cash, electronic payment, mobile money or bond notes. Due to the economic environment the Trust operated in, the Trust ended up experiencing premiums on the official foreign exchange rate of 1:1 prescribed by statutory instrument 133 of 2016, between the RTGS FCA, Bond Notes and the Nostro FCA during the period 1 January 2019 to 22 February 2019. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which International Accounting Standard (IAS) 21 "The Effect of Changes in Foreign Exchange Rates" would apply.

The opening balances as at 1 January 2020 contain misstatements that materially affect the current period's financial statements of the Trust, and the effects of the misstatements are not appropriately accounted for. Since the opening balances as at 1 January 2020 entered into the determination of the financial performance, changes in reserves and cash flows for the financial year ended 31 December 2020, adjustments might have been necessary in respect of the current year financial statements of the Trust in line with the requirements of IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Inflation adjusted amounts in terms of requirements of IAS29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") were arrived at basing on misstated historical amounts, consequently, corresponding numbers on the inflation adjusted Statement of Profit or Loss and Other Comprehensive Income, the inflation adjusted Statement of Financial Position, the inflation adjusted Statement of Changes in Equity, and the inflation adjusted Statement of Cash Flows remain misstated and this also impacts comparative figures. The comparability and misstatements' effects have not been quantified. However, they have been determined to be inherently both material and pervasive given their nature and the impact when the underlying historical amounts are restated for hyperinflation.

Inappropriate exchange rates used in the current year (Non-compliance with IAS 21)

To comply with the legislation, some of the transactions presented in the period 1 January 2020 to 31 December 2020, were converted to the local reporting currency (ZWL) using the official exchange rate which was derived from interbank forex exchange market and foreign currency auction system market. International Accounting Standard (IAS) 21 requires firms to use market exchange rates from official sites which reflect currencies' long-term exchangeability. It appears that for the Trust, the Zimbabwean Dollar is subject to a longer-term lack of exchangeability on the interbank forex exchange market and foreign currency auction system market since the Trust could not access the foreign currency from these two markets during the year. The rates used by the Trust do not take into account the Trust's specific risks and inflation movements, hence the rates are not in line with the requirements of IAS 21. The financial impact of using inaccurate exchange rates could not be quantified.

Consolidating Associates with underlying matters

The Investment in associate amount disclosed under Note 7 to the inflation adjusted Statement of Financial Position of ZWL16 375 110 which arose from equity accounting as required by IFRS was derived from unaudited figures of the associate. This amount was consolidated to the financial statement resulting in distortion of audited financial reports.

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 Organisation in accordance with the International Ethics Standards Board of 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.

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

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Private Voluntary Organisation Act (17:05), and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditors' 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 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.

Independent auditor's report (continued)

- 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 Organisation's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation'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 Organisation 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Nolands

02 / 07 / 2021

Nolands Chartered Accountants

Date

Statement of Financial Position

for the Year ended 31 December 2020

Figures in ZWL Dollars	Note(s)	Inflation adjusted		Historical	
		2020	**2019**	**2020**	**2019**
Assets					
Non-Current Assets					
Property and Equipment	4	47,202,242	40,621,925	45,505,576	614,415
Intangible assets	5	63,404	-	63,404	-
Investments in equities	6	143,358,420	92,696,918	143,358,420	7,116,450
Investments in associates	7	16,375,110	10,031,289	7,343,821	1,000,000
Loans	8	1,500,000	13,731,082	1,500,000	3,061,000
Other investments	10	3,913,806	14,420,978	3,913,806	4,214,795
		212,412,983	**171,502,192**	**201,685,027**	**16,006,660**
Current Assets					
Loans	8	1,339,667	35,141,882	1,339,667	7,834,000
Trade and Other receivables	9	17,259,617	6,090,262	17,259,617	1,357,671
Other investments	10	661,940,224	70,012,013	661,940,224	16,607,420
Cash and cash equivalents	11	5,670,257	3,067,361	5,670,257	683,791
		686,209,765	**114,311,518**	**686,209,765**	**26,482,882**
Total Assets		**898,622,748**	**285,813,710**	**887,894,792**	**42,489,542**
Reserves and Liabilities					
Reserves					
Revaluation Reserve		-	-	45,076,378	-
Retained income		(812,123,450)	(782,511,478)	158,003,996	3,392,913
		(812,123,450)	**(782,511,478)**	**203,080,374**	**3,392,913**
Liabilities					
Current Liabilities					
Revolving fund	12	1,702,375,438	1,064,082,638	676,443,659	38,150,859
Trade and other payables	13	8,370,759	4,242,550	8,370,759	945,770
Total Liabilities		**1,710,746,197**	**1,068,325,188**	**684,814,418**	**39,096,629**
Total Reserves and Liabilities		**898,622,748**	**285,813,710**	**887,894,792**	**42,489,542**

The financial statements and the notes on pages 34 to 61, were approved by the board on the 01/07/2021 and were signed on its behalf by:

Rachel Pfungwa Kupara
[Board Chairperson]

Faith Chipiwa Mberi
[Board Audit, Risk & Compliance Committee Chairperson]

Statement of Surplus and Deficit and Other Comprehensive Income

for the Year ended 31 December 2020

	Note(s)	Inflation adjusted		Historical	
		2020	**2019**	**2020**	**2019**
Revenue	14	160,978,138	40,993,283	152,966,674	4,904,290
Other operating gains / (losses)	15	9,498,453	2,800,329	9,224,934	624,263
Other operating expenses	16	(24,397,565)	(31,545,472)	(13,462,701)	(2,850,797)
Operating surplus		**146,079,026**	**12,248,140**	**148,728,907**	**2,677,756**
Monetary gain / (loss)		(181,172,695)	(838,261,104)	-	-
Finance costs	16	(862,124)	(2,442,132)	(461,646)	(230,683)
Share of profit of associate		6,343,821	-	6,343,821	-
Surplus / (Deficit) for the year		**(29,611,972)**	**(828,455,096)**	**154,611,082**	**2,447,073**
Other comprehensive surplus:					
Items that will not be reclassified to surplus:					
Gains on revaluation of assets	4&5	-	-	45,076,378	-
Total items that will not be reclassified to surplus		**-**	**-**	**45,076,378**	**-**
Other comprehensive income for the year		**-**	**-**	**45,076,378**	**-**
Total comprehensive surplus / (deficit) for the year		**(29,611,972)**	**(828,455,096)**	**199,687,460**	**2,447,073**

Statement of Changes in Reserves

for the Year ended 31 December 2020

Figures in Zimbabwe Dollar	Revaluation Reserve	Retained Income	Total Reserves
Inflation adjusted			
Balance at 01 January 2019	**-**	**37,252,054**	**37,252,054**
Deficit for the year	-	(828,455,096)	(828,455,096)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(828,455,096)**	**(828,455,096)**
Transfer from revolving fund	-	8,691,564	8,691,564
Balance at 01 January 2020	**-**	**(782,511,478)**	**(782,511,478)**
Deficit for the year	-	(29,611,972)	(29,611,972)
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**(29,611,972)**	**(29,611,972)**
Balance at 31 December 2020	**-**	**(812,123,450)**	**(812,123,450)**
Historical			
	Revaluation Reserve	**Retained Income**	**Total Reserves**
Balance at 01 January 2019	**-**	**595,841**	**595,841**
Deficit for the year	-	2,447,073	2,447,073
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**2,447,073**	**2,447,073**
Transfer from revolving fund	-	350,000	350,000
Balance at 01 January 2020	**-**	**3,392,913**	**3,392,913**
Surplus for the year	-	154,611,082	154,611,082
Other comprehensive income	45,076,378	-	45,076,378
Total comprehensive income for the year	**45,076,378**	**154,611,082**	**199,687,459**
Balance at 31 December 2020	**45,076,378**	**158,003,996**	**203,080,374**

Statement of Cash Flows

for the Year ended 31 December 2020

Figures in ZWL Dollar	Notes	Inflation adjusted 2020	2019	Historical 2020	2019
Cash flows from operating activities					
Surplus for the year		**(29,611,972)**	**(828,455,096)**	**154,611,082**	**2,447,073**
Adjustments for:					
Depreciation and amortisation	4	2,469,339	2,882,682	123,955	80,436
Fair value (gains) / losses	14	(135,628,652)	(12,312,192)	(135,628,652)	(2,744,694)
Share of profits in associates		(6,343,821)	-	(6,343,821)	-
Gains on disposals of investments in equity		-	(8,362,027)	-	(336,730)
Inflation adjustments		75,030,336	9,980,975	-	-
Exchange (gains) / loss		(4,613,731)	(498,558)	(4,613,731)	(6,972)
Finance costs		862,124	2,442,132	461,646	230,683
		26,843	-	26,843	-
Provision for credit losses		806,310	961,382	806,310	214,316
Changes in working capital:					
Loans	8	46,033,297	641,091,723	7,928,973	13,867,183
Trade and other receivables	9	(11,169,355)	97,640,345	(16,923,050)	2,209,264
Other investments	10	(581,421,040)	(31,369,324)	(645,031,816)	(19,254,620)
Trade and other payables	13	4,128,209	1,073,146	6,911,190	810,123
Cash generated from operations		**(639,432,111)**	**(124,924,812)**	**(637,671,073)**	**(2,483,937)**
Finance costs	16	(862,124)	(2,442,132)	(461,646)	(230,683)
Net cash from operating activities		**(640,294,235)**	**(127,366,944)**	**(638,132,719)**	**(2,714,620)**
Cash flows from investing activities					
Purchase of property and equipment	4	(9,401)	(1,169,758)	(2,142)	(205,408)
Movement in investments in equities	6	-	(38,834,762)	-	(1,658,202)
Investments in associates	7	-	(10,030,392)	-	(1,000,000)
Net cash from investing activities		**(9,401)**	**(50,034,912)**	**(2,142)**	**(2,863,610)**
Cash flows from financing activities					
Capital fund replenishment and recoveries	12	638,292,800	534	638,292,800	22
Net cash from financing activities		**638,292,800**	**534**	**638,292,800**	**22**
Total cash movement for the year		**(2,010,836)**	**(177,401,322)**	**157,939**	**(5,578,208)**
Cash at the beginning of the year		3,067,361	180,468,683	898,587	6,476,795
Effects of exchange gains on cash		4,613,731	-	4,613,731	-
Total cash at end of the year	**11**	**5,670,257**	**3,067,361**	**5,670,257**	**898,587**

Accounting policies

for the Year ended 31 December 2020

1 Trust information

Zimbabwe Agricultural Development Trust ("the Trust" or "ZADT"), is a Trust that was formed by SNV Netherlands Development Organisation - Zimbabwe and Hivos - Zimbabwe. It is funded by The Danish International Development Agency ("DANIDA"), Foreign Commonwealth Development Office (FCDO, formerly UKAID), Ford Foundation and DanChurchAid ("DCA"). The Trust's objective is to promote growth in primary agriculture and related value chains with the main aim of improving food security and incomes for rural communities through provision of funding for agricultural activities.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and Statutory Instrument (SI 33/99 and SI 62/96).

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zimbabwean Dollars, which is the Trust's functional currency.

These accounting policies are consistent with the previous period.

2.2 Change in functional currency

The Trustees assessed as required by IAS 21 and in consistence with the guidance issued by the Public Accountants and Auditors Board (PAAB), whether use of the US$ in 2019 as functional currency remained appropriate. Based on the assessment, the Trustees concluded that the Trust's functional currency became ZWL with effect from 22 February 2019. The same assessment was done during the current year and the Trustees concluded that the functional currency remains ZWL$. Items included in the financial statements of the Trust are measured using the currency of primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Zimbabwe Dollars (ZWL$), which was assessed to be the Trust's functional and presentation currency.

2.3 IAS 29 Hyperinflationary economies

The Public Accountants and Auditors Board through its pronouncement 01/2019 provided guidance to all entities that report based on the International Financial Reporting Standards (IFRSs) on the application of Financial Reporting in Hyperinflationary Economies Standard (IAS29) in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial period ended on or after 1 July 2019 apply the requirements of IAS29 " Financial Reporting in Hyperinflationary economies." The functional currency did not change in the current year and the currency was assessed to be still hyper inflationary, hence application of IAS29 is still necessary in the current year.

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL$). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS29 compliant.

Sources of price index

Indices used were obtained from the Zimbabwe Statistical Office for the period from February 2009 to December 2020:

Year	Indices	Average indices	Conversion factor
December 2017	61.13	61.13	40.48
December 2018	88.81	67.63	27.86
December 2019	551.63	240.28	4.49
December 2020	2,474.51	918.45	1.00

Accounting policies (continued)

for the Year ended 31 December 2020

2 Significant accounting policies (continued)

2.4 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgement made by management in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Trust uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Trust's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the Trust are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 21.

Impairment testing

The Trust reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property and equipment

Management assess the appropriateness of the useful lives of property and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Trust replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

2.5 Investments in associates

An associate is defined as an entity that the Trust has significant influence over. The investment in an associate is initially recognised at cost and subsequently accounted for using equity accounting method.

2.6 Property and equipment

Property and equipment are tangible assets which the Trust holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Trust, and the cost of the item can be measured reliably.

2 Significant accounting policies (continued)

2.6 Property and equipment (continued)

Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.
Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.
The revaluation reserve related to a specific item of property and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation of an asset commences when the asset is available for use as intended by management. residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Trust. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.
The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight	40 years
Furniture and fixtures	Straight	10 years
Motor vehicles	Straight	4 years
Office equipment	Straight	3 years
ICT Systems	Straight	5 years
Land	Not depreciated	

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

2 Significant accounting policies (continued)

2.6 Property and equipment (continued)

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

2.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation	Average useful life
Website	Straight line	2

2.8 Financial instruments

Financial instruments held by the Trust are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Trust ,as applicable, are as follows:

Financial assets which are equity instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- "Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the trust are presented below:

Loans receivable at amortised cost
Classification
Loans receivable and loans to directors, managers and employees and are classified as financial assets subsequently measured at amortised cost.
They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the trust's business model is to collect the contractual cash flows on these loans.

Recognition and measurement
Loans receivable are recognised when the trust becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.
They are subsequently measured at amortised cost.
The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Loans denominated in foreign currencies
When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Zimbabwe Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).
Details of foreign currency risk exposure and the management thereof are provided in the specific notes.

Impairment
The trust recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The trust measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Trust considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk
In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Trust compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Trust has reasonable and supportable information that demonstrates otherwise.
By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

Definition of default
For purposes of internal credit risk management purposes, the Trust consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).
Irrespective of the above analysis, the Trust considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy
The Trust writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Trust recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The measurement of expected credit losses (ECL) is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

Loans receivable at amortised cost (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.
If the Trust has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Trust measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

Measurement and recognition of expected credit losses
An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Derecognition
Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.
Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

Trade and other receivables
Classification
Trade and other receivables, excluding VAT and prepayments are classified as financial assets, initially measured at cost and are subsequently measured at amortised cost.
They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Trust's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement
Trade and other receivables are recognised when the Trust becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.
They are subsequently measured at amortised cost.
The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method
For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.
The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies
When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

Trade and other receivables (continued)

Impairment

The Trust recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The Trust measures the loss allowance for trade and other receivables at an amount equal to lifetime losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The Trust writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Trust recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.
Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Trade and other payables
Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Trust becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.
They are subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.
If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in surplus or deficit in finance costs. Trade and other payables expose the Trust to liquidity risk and possibly to interest rate risk.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

Loans denominated in foreign currencies
When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes.

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Derecognition

Financial assets
The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
The Trust derecognises financial liabilities when, and only when, the Trust obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets
The Trust only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.
The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities
Financial liabilities are not reclassified.

2.9 Impairment of assets

The Trust assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Trust estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Trust also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

Accounting policies (continued)

for the Year ended 31 December 2020

2 Significant accounting policies (continued)

2.9 Impairment of assets (continued)

- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

2.10 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Trust recognises revenue when it transfers control of a service to a customer.

The Trust recognises revenues when the amount of revenue can be reliable measured : when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Trust's activities as described below:
The Trust recognises revenue from the following major sources:
- Interest income
- Investment income
- Dividend and Interest from short term investments
- Guarantees
- Gains on equity instruments

Interest income
Revenue is recognised upfront when the loan contract has been signed rather that when cash is received and not over the term of the loan.

Investment income
The Trust recognises interest income earned from short term money market investments when the investment matures and funds are received from the investment.

Guarantees fees
The Trust initially recognises income earned from guarantee fees. When the fees have been received in the Trust account. The Trust accrues outstanding fees basing on the guarantee loan agreement.

Dividend income
Dividend income is recognised when they are received in the Trust account.

2 Significant accounting policies (continued)

2.10 Revenue (Continued)

Gains on equity instruments
The gains on equity instruments consist of gains on disposal of equity instruments and fair value gains on equity instruments. The gains on disposal of equity instruments are recognised upon disposal of instruments and fair value gains are recognised when the market values of instruments increase.

2.11 Co-Investments
The Trust uses the cost method in valuing its co-investments, increases in fair value are not recognised. The cost method is very conservative meaning that only declines in the asset's fair value (impairments) are recognised in the financial statements. That occurs when the market value of the co-investments falls below historical cost. Income or dividend from co-investments are recognised under operating income.

2.12 Revolving fund
The revolving fund comprises of funds that have been received from funding partners for the purposes of onward investing.

2.13 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Trust's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

2.14 Provisions and contingencies

Provisions are recognised when:
- the Trust has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

2 Significant accounting policies (continued)

2.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

3 Translation of foreign currencies

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

At the end of the reporting period:

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

In circumstances where the Trust receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Trust initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Trust determines a date of transaction for each payment or receipt of advance consideration.

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

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

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

Notes to the Financial Statements

for the Year ended 31 December 2020

Figures in ZWL Dollars

4 Property and equipment

	Inflation adjusted					
	31-Dec-20			31-Dec-19		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land	9,600,000	-	9,600,000	6,193,409	-	6,193,409
Buildings	13,875,000	-	13,875,000	8,998,979	(532,668)	8,466,311
Furniture and Fixtures	2,009,022	(913,223)	1,095,799	2,009,022	(712,326)	1,296,696
Motor vehicles	21,870,000	-	21,870,000	21,870,000	520,905	22,390,904
Office Equipment	6,097,326	(5,335,884)	761,443	6,087,926	(4,347,175)	1,740,751
ICT Systems	-	-	-	1,417,310	(883,457)	533,853
Total	**53,451,349**	**(6,249,107)**	**47,202,242**	**46,576,646**	**(5,954,721)**	**40,621,925**

Reconciliation of property and equipment - 31 December 2020

	Opening balance	Revaluation	Disposals	Additions	Depreciation	Total
Land	6,193,409	3,406,591	-	-	-	9,600,000
Buildings	8,466,311	5,633,664	-	-	(224,974)	13,875,000
Furniture and Fixtures	1,296,696	-	-	-	(200,897)	1,095,799
Motor vehicles	22,390,904	21,780,000	-	-	(520,905)	21,870,000
Office Equipment	1,740,751	-	-	9,401	(988,709)	761,443
ICT Systems	533,853	-	-	-	(533,853)	-
Total	**40,621,925**	**30,820,255**	**-**	**9,401**	**(2,469,339)**	**47,202,242**

Reconciliation of property and equipment - 31 December 2019

	Opening balance	Additions	Transfers	Depreciation	Total
Land	6,193,409	-	-	-	6,193,409
Buildings	8,691,285	-	-	(224,974)	8,466,311
Furniture and Fixtures	1,392,248	102,545	-	(198,096)	1,296,696
Motor vehicles	23,380,951	-	-	(990,047)	22,390,904
Office Equipment	1,846,122	1,067,213	-	(1,172,584)	1,740,751
ICT Systems	817,315	-	-	(283,462)	533,853
Total	**42,321,331**	**1,169,758**	**-**	**(2,869,164)**	**40,621,925**

Figures in ZWL Dollars

4 Property and equipment (continued)

	Historical					
	31-Dec-20			31-Dec-19		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land	9,600,000	-	9,600,000	152,232	-	152,232
Buildings	13,875,000	-	13,875,000	221,192	(32,062)	189,130
Furniture and Fixtures	52,851	(23,410)	29,442	52,802	(18,129)	34,673
Motor vehicles	21,870,000	-	21,870,000	154,436	(141,682)	12,754
Office Equipment	327,418	(196,284)	131,134	328,851	(116,504)	212,347
ICT Systems	-	-	-	35,254	(21,975)	13,279
Total	**45,725,269**	**(219,693)**	**45,505,576**	**944,767**	**(330,352)**	**614,415**

Reconciliation of property and equipment - 31 December 2020

	Opening balance	Revaluation	Disposals	Additions	Depreciation	Total
Land	152,232	9,447,768	-	-	-	9,600,000
Buildings	189,130	13,695,206	-	-	(9,336)	13,875,000
Furniture and Fixtures	34,673	-	-	-	(5,231)	29,442
Motor vehicles	12,754	21,870,000	-	-	(12,754)	21,870,000
Office Equipment	212,347	-	-	2,142	(83,355)	131,134
ICT Systems	13,279	-	-	-	(13,279)	-
Total	**614,415**	**45,012,974**	**-**	**2,142**	**(123,955)**	**45,505,576**

Reconciliation of property and equipment - 31 December 2019

	Opening balance	Additions	Transfers	Depreciation	Total
Land	152,232	-	-	-	152,232
Buildings	198,466	-	-	(9,336)	189,130
Furniture and Fixtures	35,292	4,536		(5,155)	34,673
Motor vehicles	36,997	-	-	(24,243)	12,754
Office Equipment	45,798	201,178	-	(34,629)	212,347
ICT Systems	20,329	-	-	(7,050)	13,279
Total	**489,114**	**205,714**	**-**	**(80,413)**	**614,415**

The trust's motor vehicles and land and buildings are stated at revalued amounts. Refer to note 21 for specific details regarding the valuation of these assets.

Notes to the Financial Statements (continued)

for the Year ended 31 December 2020

Figures in ZWL Dollars

5 Intangible assets

	Inflation adjusted					
	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Website	63,404	-	63,404	13,518	(13,518)	-

	Opening Balance	Revaluation	Additions	Amortisation	Total
Reconciliation of intangible assets - 2020					
Website	-	63,404	-	-	63,404
Reconciliation of intangible assets - 2019					
Website	13,518	-	-	(13,518)	-

	Historical cost					
	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Website	63,404	-	63,404	331	(331)	-

	Opening Balance	Revaluation	Additions	Amortisation	Total
Reconciliation of intangible assets - 2020					
Website	-	63,404	-	-	63,404
Reconciliation of intangible assets - 2019					
Website	331	-	-	(331)	-

6 Investments in equities

	Inflation adjusted		Historical	
	2020	2019	2020	2019
Investments in equities				
Listed shares	14,318,794	18,465,637	14,318,794	4,116,450
Unlisted shares	129,039,626	74,231,281	129,039,626	3,000,000
	143,358,420	**92,696,918**	**143,358,420**	**7,116,450**
Listed shares				
Old Mutual Zimbabwe Limited	5,341,008	13,022,675	5,341,008	2,903,078
Padenga Holdings Limited	4,367,539	2,058,210	4,367,539	458,826
Econet Wireless Limited	2,070,435	1,439,636	2,070,435	320,931
Innscor Africa Limited	2,089,376	889,537	2,089,376	198,300
Cassava Smartech Zimbabwe Limited	450,437	1,055,578	450,437	235,315
	14,318,794	**18,465,636**	**14,318,794**	**4,116,450**
Unlisted shares				
Smartsurburb (Private) Limited	129,039,626	74,231,281	129,039,626	3,000,000
	129,039,626	**74,231,281**	**129,039,626**	**3,000,000**
	143,358,420	**92,696,918**	**143,358,420**	**7,116,450**

Figures in ZWL Dollars	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
7 Investments in associates				
The following table lists all investment in associates of the Trust:				
Carrying amounts				
Marirangwe United Bush Dairy Cooperative Society Limited	**16,375,110**	**10,031,289**	**7,343,821**	**1,000,000**
Reconciliation of movements in investment in associates				
Opening balance	**10,031,289**	**-**	**1,000,000**	**-**
Additions	-	10,031,289	-	1,000,000
Equity accounted earnings	6,343,821	-	6,343,821	-
Closing balance	**16,375,110**	**10,031,289**	**7,343,821**	**1,000,000**

The Trust acquired 49% in shareholding in Marirangwe United Bush Dairy Co-operative Society Limited in 2019.

Figures in ZWL Dollars	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
8 Loans				
Opening balance 1 January	**48,872,964**	**111,078,594**	**10,895,000**	**24,762,183**
Loans and advances repaid by financial institutions	(45,226,987)	(72,819,070)	(7,249,023)	(16,233,183)
Provision for credit losses	(806,310)	-	(806,310)	-
Loans and advances rolled over	-	(13,906,029)	-	(3,100,000)
Loans and advances to financial institutions	-	24,519,470	-	5,466,000
Closing balance 31 December	**2,839,667**	**48,872,964**	**2,839,667**	**10,895,000**
Split between current and non current loans				
Current	1,339,667	35,141,882	1,339,667	7,834,000
Non current	1,500,000	13,731,082	1,500,000	3,061,000
	2,839,667	**48,872,964**	**2,839,667**	**10,895,000**

Inflation adjusted

Maturity analysis as at 31 December 2020	0 to 6 months	6 to 12 months	Over 12 months	Credit Losses Allowance	Total
Inclusive Financial Services (Pvt) Limited	806,310	-	-	(806,310)	-
Mr Brands (Private) Limited			-		
Success Microfinance Bank Limited	500,000	-	-	-	500,000
NMB Bank Limited	-	50,000	-	-	50,000
CBZ Bank Limited	-	113,667	-	-	113,667
Icefeeds (Private) Limited				-	
Oakfin Finance (Private) Limited	-	120,000	-	-	120,000
Getbucks Financial Services (Pvt) Limited	-	500,000	-	-	500,000
Wintron Financial Services (Pvt) Limited	-	56,000	-	-	56,000
Nurture Finance (Pvt) Limited	-	-	1,500,000	-	1,500,000
	1,306,310	**839,667**	**1,500,000**	**(806,310)**	**2,839,667**

Maturity analysis as at 31 December 2019	0 to 6 months	6 to 12 months	Over 12 months	Credit Losses Allowance	Total
NMB Bank Limited	157,004	-	179,433	-	336,436
Bank ABC Limited	9,644,504	-	-	-	9,644,504
CBZ Bank Limited	-	654,929	-	-	654,929
Inclusive Financial Services (Pvt) Limited	4,037,234	2,691,490	-	-	6,728,724
Success Microfinance Bank Limited	2,242,908	2,242,908	2,242,908	-	6,728,724
Oakfin Finance (Pvt) Limited	4,396,100	538,298	-	-	4,934,397
Untu Microfinance (Pvt) Limited	2,018,617	-	1,659,752	-	3,678,369
MOB Capital (Pvt) Limited	897,163	-	-	-	897,163
Virl Rural & Social Financial Services	394,752	448,582	448,582	-	1,291,915
Getbucks Financial Services (Pvt) Limited	2,242,908	2,242,908	2,242,908	-	6,728,724
Wintron Financial Services (Pvt) Limited	-	291,578	228,777	-	520,355
Nurture Finance (Pvt) Limited	-	-	6,728,724	-	6,728,724
	26,031,190	**9,110,692**	**13,731,082**	**-**	**48,872,964**

Figures in ZWL Dollars	Notes

8 Loans (continued)

Historical

Maturity analysis as at 31 December 2020	0 to 6 months	6 to 12 months	Over 12 months	Credit Losses Allowance	Total
Inclusive Financial Services (Pvt) Limited	806,310	-	-	(806,310)	-
Mr Brands (Private) Limited					
Success Microfinance Bank Limited	500,000	-	-	-	500,000
NMB Bank Limited	-	50,000	-	-	50,000
CBZ Bank Limited	-	113,667	-	-	113,667
Icefeeds (Private) Limited		-	-	-	
Oakfin Finance (Pvt) Limited	-	120,000	-	-	120,000
Getbucks Financial Services (Pvt) Limited	-	500,000	-	-	500,000
Wintron Financial Services (Pvt) Limited	-	56,000	-	-	56,000
Nurture Finance (Pvt) Limited	-	-	1,500,000	-	1,500,000
	1,306,310	**839,667**	**1,500,000**	**(806,310)**	**2,839,667**

Maturity analysis as at 31 December 2019	0 to 6 months	6 to 12 months	Over 12 months	Credit Losses Allowance	Total
NMB Bank Limited	35,000	-	40,000	-	75,000
Bank ABC Limited	2,150,000	-	-	-	2,150,000
CBZ Bank Limited	-	146,000	-	-	146,000
Inclusive Financial Services (Pvt) Limited	900,000	600,000	-	-	1,500,000
Success Microfinance Bank Limited	500,000	500,000	500,000	-	1,500,000
Oakfin Finance (Pvt) Limited	980,000	120,000	-	-	1,100,000
Untu Microfinance (Pvt) Limited	450,000	-	370,000	-	820,000
MOB Capital (Private) Limited	200,000	-	-	-	200,000
Virl Rural & Social Financial Services	88,000	100,000	100,000	-	288,000
Getbucks Financial Services (Pvt) Limited	500,000	500,000	500,000	-	1,500,000
Wintron Financial Services (Pvt) Limited	-	65,000	51,000	-	116,000
Nurture Finance (Pvt) Limited	-	-	1,500,000	-	1,500,000
	5,803,000	**2,031,000**	**3,061,000**	**-**	**10,895,000**

		Inflation adjusted		Historical	
		2020	**2019**	**2020**	**2019**
9 Trade and Other receivables					
Financial instruments:					
Income receivable		13,681,598	6,105,788	13,681,598	1,361,132
Provision for credit losses		-	(961,382)	-	(214,316)
		13,681,598	**5,144,405**	**13,681,598**	**1,146,816**
Projects receivables	17	2,453,598	-	2,453,598	-
Other receivables		5,122	12,246	5,122	2,730
Trade receivables at amortised cost		**16,140,318**	**5,156,652**	**16,140,318**	**1,149,546**
Non financial instruments:					
Prepayments		1,119,299	933,610	1,119,299	208,125
		1,119,299	933,610	1,119,299	208,125
Total trade and other receivables		**17,259,617**	**6,090,262**	**17,259,617**	**1,357,671**

Notes to the Financial Statements (continued)
for the Year ended 31 December 2020

	Figures in ZWL Dollars	Notes	Inflation adjusted		Historical	
			2020	**2019**	**2020**	**2019**
10	**Other investments**					
	Long term investments					
	Co-investments	10.1	1,913,806	9,935,163	1,913,806	2,214,795
	Investments with participating financial institutions		2,000,000	4,485,816	2,000,000	2,000,000
			3,913,806	**14,420,978**	**3,913,806**	**4,214,795**
	Short-term investments					
	Co-investments	10.1	13,444,209	18,200,839	13,444,209	4,057,420
	Agent banking		-	224,291	-	50,000
	Invoice discounting		2,203,215	11,214,540	2,203,215	2,500,000
	Investments with participating financial institutions		-	4,485,816	-	2,000,000
	Other financial assets	10.2	646,292,800	35,886,527	646,292,800	8,000,000
			661,940,224	**70,012,013**	**661,940,224**	**16,607,420**
	Total		**665,854,031**	**84,432,991**	**665,854,031**	**20,822,215**
10.1	**Co- investments**					
	The co-investments are disaggregated as follows:					
	Nurture Finance (Pvt) Limited		1,000,000	4,485,816	1,000,000	1,000,000
	Triomf (Pvt) Limited		-	8,971,632	-	2,000,000
	Chatukutaried Dried Foods PBC		46,934	1,255,284	46,934	279,834
	MC Meats (Pvt) Limited		10,927,554	8,971,632	10,927,554	2,000,000
	Chia Growers Zimbabwe (Pvt) Limited		777,586	3,488,108	777,586	777,586
	Dzumbunu Farmers		1,913,806	963,530	1,913,806	214,795
	Icefeed (Pvt) Limited		11,942	-	11,942	-
	Mr Brands		680,193	-	680,193	-
	Total		**15,358,016**	**28,136,001**	**15,358,016**	**6,272,215**
	Split between current and non current co-investments					
	Current		13,444,209	18,200,839	13,444,209	4,057,420
	Non current		1,913,806	9,935,163	1,913,806	2,214,795
			15,358,016	**28,136,002**	**15,358,016**	**6,272,215**

Co- investments relates to specific projects in which the trust invests jointly with targeted businesses under agreed terms and conditions. The investments can either be on long-term or short-term basis.

10.2 Other financial assets of ZWL$646 292 800 relate to blocked funds receivable from the Reserve Bank of Zimbabwe.

		Notes	Inflation adjusted		Historical	
			2020	**2019**	**2020**	**2019**
11	**Cash and cash equivalents**					
	Cash and cash equivalents consists of :					
	Cash on hand		2,915,331	1,899,514	2,915,331	423,449
	Projects cash on hand	17	397,359	-	397,359	-
	Bank balances		981,361	1,167,846	981,361	260,342
	Projects bank balances	17	1,376,206	-	1,376,206	-
			5,670,257	**3,067,361**	**5,670,257**	**683,791**
12	**Revolving fund**					
	Opening balances 1 January		**1,064,082,638**	**1,072,773,668**	**38,150,859**	**38,500,837**
	Capital fund replenishment*		638,292,800	-	638,292,800	-
	Agriseeds recovery		-	534	-	22
	Capital fund drawdown		-	(8,691,564)	-	(350,000)
	Closing balance 31 December		**1,702,375,438**	**1,064,082,638**	**676,443,659**	**38,150,859**

* The capital fund replenishment of ZWL638 292 800 resulted from revaluation gain on blocked funds as at year end.

Notes to the Financial Statements (continued)

for the Year ended 31 December 2020

	Figures in ZWL Dollars	**Notes**	**Inflation adjusted**		**Historical**	
			2020	**2019**	**2020**	**2019**
13	**Trade and other payables**					
	Financial instruments:					
	Trade payables		3,749,459	3,457,147	3,749,459	770,684
	Audit fees		374,583	648,272	374,583	144,516
	Pay As You Earn		50,226	-	50,226	-
	Pension and leave pay provision		83,618	125,693	83,618	28,020
	Projects payables	17	4,037,255	-	4,037,255	-
	Other payables		75,619	11,439	75,619	2,550
			8,370,759	**4,242,550**	**8,370,759**	**945,770**
	Components of financial instruments					
	At amortised cost		**8,370,759**	**4,242,550**	**8,370,759**	**945,770**
14	**Revenue**					
	Revenue from contracts with customers					
	Rendering of services		160,978,138	40,993,283	152,966,674	4,904,290
	The company disaggregates revenue from customers as follows:					
	Rendering of services					
	Interest from loans		873,988	12,390,205	296,961	901,825
	Income from co-Investments		20,937,472	-	15,324,579	-
	Interest on Note Issuance		-	1,009,237	-	55,739
	Accrued interest income		11,942	1,749,419	11,942	389,989
	Dividend and Interest from short term investments		3,526,085	4,009,359	1,704,541	414,705
	Guarantees		-	1,160,844	-	60,608
	Gain on sale of equity instruments		-	8,362,027	-	336,730
	Fair value gain on equity investments		135,628,652	12,312,192	135,628,652	2,744,694
			160,978,138	**40,993,283**	**152,966,674**	**4,904,290**
	Timing of revenue recognition					
	At a point in time					
	Rendering of services		-	8,362,027	-	336,730
	Over time					
	Rendering of services		160,978,138	32,631,256	152,966,674	4,567,560
	Total revenue from contracts with customers		**160,978,138**	**40,993,283**	**152,966,674**	**4,904,290**
15	**Other operating gains (losses)**					
	Bad debts recovered		298,000	-	200,000	-
	Exchange gains / (loss)		3,864,997	498,558	4,613,732	111,141
	Projects income	17	5,335,455	2,301,771	4,411,202	513,122
	Total other operating gains (losses)		**9,498,453**	**2,800,329**	**9,224,934**	**624,263**
16	**Surplus for the year**					
	Operating surplus for the year is stated after charging (crediting) the following, amongst others:					
	Auditor's remuneration - external					
	Audit fees		1,013,992	1,433,447	405,442	144,081
	Remuneration, other than to employees					
	Consulting and professional services		551,770	596,996	394,929	57,968

Notes to the Financial Statements (continued)

for the Year ended 31 December 2020

	Figures in ZWL Dollars	Notes	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
16	**Surplus for the year (continued)**					
	Employee costs					
	Salaries, wages and bonuses		2,116,471	5,084,116	1,686,147	501,494
	Staff allowances		637,703	1,005,594	465,792	99,191
	Hardship allowance		5,461,390	7,419,741	2,525,508	731,878
	Medical aid		620,661	431,917	431,077	42,604
	Leave pay		58,193	81,359	26,843	8,025
	Retirement benefit plans: defined contributions		159,877	429,799	119,904	42,395
	Total employee costs		**9,054,296**	**14,452,527**	**5,255,270**	**1,425,587**
	Depreciation and amortisation					
	Depreciation of property and equipment		2,469,339	2,869,164	123,955	80,413
	Amortisation of intangible assets		-	13,518	-	331
	Total depreciation and amortisation		**2,469,339**	**2,882,682**	**123,955**	**80,744**
	Movement in credit loss allowances					
	Trade and other receivables		(806,310)	(2,059,728)	(806,310)	(200,000)
	Finance costs					
	Bank charges		83,831	148,144	58,529	13,994
	Intermediate Money Transfer Tax		778,293	2,293,988	403,117	216,689
	Total finance costs		**862,124**	**2,442,132**	**461,646**	**230,683**
	Expenses by nature					
	The total selling and distribution expenses, marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:					
	Employee costs		9,054,296	14,452,527	5,255,270	1,425,587
	Finance costs		862,124	2,442,132	461,646	230,683
	Depreciation, amortisation and impairment		2,469,339	2,882,682	123,955	80,744
	Other expenses	16.1	12,873,930	14,210,263	8,083,476	1,344,467
			25,259,689	**33,987,604**	**13,924,347**	**3,081,480**
16.1	**Other expenses**					
	Audit fees		1,013,992	1,433,447	405,442	144,081
	Advertising & marketing		71,238	8,999	68,729	850
	Meetings expenses		170,023	166,788	119,575	15,755
	Inspection expenses		-	26,977	-	2,548
	Business Development Meetings			-		
	Technical assistance- PFI training		-	105,865	-	10,000
	MFIs engagements		-	107	-	10
	Strategic value chain assessments		-	59,777	-	5,646
	Value chain actors strategic partners		30,050	52,910	26,830	4,998
	Meetings with Financial Institutions		-	-	-	
	Business Development-Consultancy			-		
	Annual reports concepts		24,435	240,427	23,495	22,711
	Review of website		28,786	-	14,438	-
	Board Fees and other expenses		334,299	311,344	252,000	29,409
	Cleaning and teas		26,132	172,763	7,056	16,319
	Computer network and internet expenses		260,753	292,783	183,538	27,656
	Consulting fees		657,610	598,682	478,929	56,551
	IT Consultancy Costs			-		
	Courier & postage		950	17,021	278	1,608
	Bad debts		806,310	2,117,309	806,310	200,000
	Electricity & water		169,273	458,632	125,031	43,322
	General expenses		3,112	11,349	810	1,072

Notes to the Financial Statements (continued)

for the Year ended 31 December 2020

	Figures in ZWL Dollars	Notes	Inflation adjusted		Historical	
			2020	2019	2020	2019
16	**Surplus for the year (continued)**					
16.1	**Other expenses (continued)**					
	Insurance		691,796	853,983	486,183	80,667
	Legal Fees		144,577	790,855	119,626	74,704
	Newspapers and magazines		6,251	28,894	1,658	2,729
	Motor vehicle expenses		194,928	663,699	155,012	62,693
	Printing & stationery		34,084	297,679	14,034	28,119
	Repairs & maintenance		112,161	487,526	46,826	46,051
	Security		533,046	612,552	394,799	57,861
	Sundry expenses		2,100	338,916	2	32,014
	Guarantee Fees		-	282,682	-	26,702
	Telephone & fax		86,546	153,704	55,621	14,519
	Contingencies		1,161	71,092	300	6,715
	Travel & accommodation		44,062	235,129	35,986	22,210
	Monitoring visits		42,643	91,253	39,668	8,620
	Projects expenses	17	4,468,892	1,338,241	4,221,294	298,327
			9,959,208	**12,321,385**	**8,083,472**	**1,344,468**

17 Donor Funded Projects

Included in the financial statements are transactions for the projects funded by CIMMYT, HIVOS and DCA. Below are the reports showing the breakdown of these transactions and balances:

		Inflation adjusted			Historical
		2020	2019	2020	2019
17.1	**International Maize and Wheat Improvement Center (CIMMYT)**				
	Income				
	Grant	467,428	-	472,645	-
	Exchange loss	-	-	(4,839)	-
		467,428	**-**	**467,806**	**-**
	Expenditure				
	Travel & accommodation	97,635	-	98,149	-
	Level of effort	68,825	-	68,689	-
		166,460	**-**	**166,838**	**-**
	Surplus	**300,968**	**-**	**300,968**	**-**
	Opening retained income	-	-	-	-
	Closing retained income	**300,968**	**-**	**300,968**	**-**
	Current Assets				
	Customer control	2,453,598	-	2,453,598	-
	Cash on hand	397,359	-	397,359	-
	Cash at bank	1,245	-	1,245	-
		2,852,201	**-**	**2,852,201**	**-**
	Current Liabilities				
	Farm equipment	2,453,598	-	2,453,598	-
	Travel & accommodation	97,635	-	97,635	-
		2,551,233	**-**	**2,551,233**	**-**
	Net assets	**300,968**	**-**	**300,968**	**-**

Notes to the Financial Statements (continued)

for the Year ended 31 December 2020

Figures in ZWL Dollars	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
17.2 Humanist Institute for Development Cooperation (HIVOS)				
Income				
Grant	4,191,371	-	3,266,740	-
Exchange gain	676,656	-	676,656	-
	4,868,027	**-**	**3,943,396**	**-**
Expenditure				
Level of effort	678,822	-	619,510	-
Programming activities	1,910,117	-	1,750,594	-
Training evaluation and audit	1,713,492	-	1,684,353	-
	4,302,432	**-**	**4,054,456**	**-**
Surplus	**(111,060)**		**(111,060)**	
Opening retained income	-	-	-	-
Closing retained income	**(111,060)**	**-**	**(111,060)**	**-**
Current Assets				
Cash at bank	1,374,961	-	1,374,961	-
	1,374,961	**-**	**1,374,961**	**-**
Current Liabilities				
Supplier control	1,289,734	-	1,289,734	-
Audit fees	196,288	-	196,288	-
	1,486,022	**-**	**1,486,022**	**-**
Net assets	**(111,060)**	**-**	**(111,060)**	**-**
17.3 DanChurchAid (DCA)				
Income				
Grant	-	2,301,771	-	513,122
Exchange gain	950,277	-	1,699,012	-
	950,277	**2,301,771**	**1,699,012**	**513,122**
Expenditure				
Heifers For Dzumbunu Farmers	-	1,338,241	-	298,327
	-	**1,338,241**	**-**	**298,327**
Surplus	**950,277**	**963,530**	**1,699,012**	**214,795**
Opening retained income	963,530	-	214,795	-
Closing retained income	**1,913,806**	**963,530**	**1,913,806**	**214,795**
Current Assets				
Loans to 39 Dzumbunu Farmers	1,913,806	963,530	1,913,806	214,795
	1,913,806	**963,530**	**1,913,806**	**214,795**
Net assets	**1,913,806**	**963,530**	**1,913,806**	**214,795**

Notes to the Financial Statements (continued)

for the Year ended 31 December 2020

	Figures in ZWL Dollars	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
18	**Contingencies**				
	Loan Guarantees				
	Steward Bank	-	6,728,724	-	1,500,000
	Nedbank	-	717,731	-	160,000
	CABS	-	2,915,780	-	650,000
		-	10,362,235	-	2,310,000

19 Taxation

The income earned by the Trust is exempt from corporate tax in terms of Income Tax Act (Chapter 23:06), Section 14, Third Schedule sub-paragraph 2L. The trust being a non-profit making organisation has not provided for corporate tax on this basis.

20 Related parties

Relationships

Associates	Marirangwe United Bush Dairy Cooperative Society Limited
Those charged with governance	Board of Trustees
Members of key management	Chief Executive Officer

	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
Related party balances				
Current payables				
Members of key management				
Provident funds	12,558	33,570	12,558	7,484
	12,558	**33,570**	**12,558**	**7,484**
Related party transactions				
Trustees and directors emoluments				
Executive directors	2,072,404	889,174	769,201	86,341
Trustees	543,156	302,877	201,600	29,409

21 Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the trust can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
Levels of fair value measurements				
Level 1				
Recurring fair value measurements				
Investments in equities				
Listed equities	14,318,794	18,465,637	14,318,794	4,116,450

Valuation techniques used to derive level 1 fair values

The values of listed equities were obtained from Zimbabwe Stock Exchange.

Notes to the Financial Statements (continued)
for the Year ended 31 December 2020

Figures in ZWL Dollars		Inflation adjusted		Historical	
		2020	2019	2020	2019
21	**Fair value information (Continued)**				
	Level 2				
	Recurring fair value measurements				
	Investments in equities				
	Unlisted equities	**129,039,626**	**74,231,281**	**129,039,626**	**3,000,000**
	Property and equipment				
	Land	9,600,000	-	9,600,000	-
	Building	13,875,000	-	13,875,000	-
	Motor vehicles	21,870,000	-	21,870,000	-
	Total property and equipment	**45,345,000**	**-**	**45,345,000**	**-**
	Total	**188,703,420**	**92,696,918**	**188,703,420**	**7,116,450**

Valuation techniques used to derive level 2 fair values

Land and office building
Level 2 fair values of land and building have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre of similar properties in the proximity.

Motor Vehicles
The Motor Vehicles have been valued basing on the market prices of other motor vehicles with similar conditions. Adjustments have made on the market values where different conditions exist.

Unlisted equities
The value of unlisted Marirangwe shares where derived from the market value of land which is the only asset owned by the organisation. The valuation of the property was done by the valuation expert at the reporting date.

22 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The Trust since March 2020, was not operating as expected due to shorter working hours due to lockdowns and COVID-19 compliance costs.

The Trust has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for employees (like social distancing and working from home) and securing the supply of materials that are essential to business operations.

After considering the uncertainties described above, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. It is for the following reasons that the Trust has adopted the going concern basis of accounting in preparing the annual financial statements.

The Trustees believe that under the current economic environment, a continuous assessment of the ability of the Trust to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

11. Appendices

Appendix I: Founding and Funding Partners

Foreign, Commonwealth & Development Office

Hivos people unlimited

Ministry of Foreign Affairs of Denmark DANIDA | International Development Cooperation

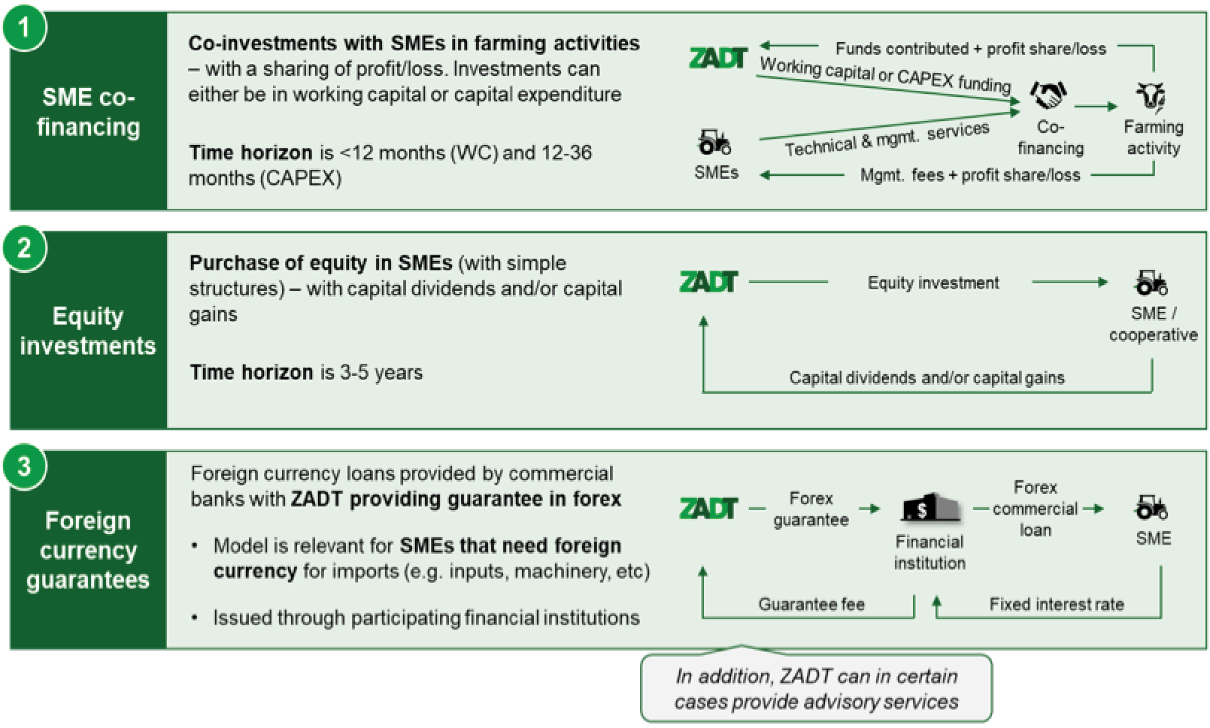
SNV

Ford Foundation

DCA actalliance

11. Appendices

Appendix II. ZADT financing model through which investments were done in 2020



Zimbabwe Agricultural Development Trust

44 The Chase
Mt. Pleasant
Harare, Zimbabwe

Contact Numbers:
+263 242 303560
+263 242 303561
+263 776557984
+263 776557993