

**DZIKWA TRUST**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

**DZIKWA TRUST**  
(NOTARIAL DEED OF TRUST M.A.957/2002)

**NATURE OF BUSINESS:**

Providing resources and assistance for basic education of aids orphans in the township of Dzivarasekwa.

**TRUSTEES:**

Mr. S. J. Chifunyise	(Chairman)
Mrs. Y. R. Dune	(Vice Chairman)
Mr. S. Ainamo	(Operations Trustee)
Mr. E.T. Francisco	
Mr. U. Sakhe	

**SECRETARY:**

Mr. U. Sakhe

**REGISTERED OFFICE:**

P.O Box HG916  
Highlands  
HARARE

**AUDITORS:**

CAMELSA  
Chartered Accountants (Zimbabwe)  
135 Enterprise Road  
Highlands  
HARARE

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**for the year ended 31 December 2009**


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**These financial statements are expressed in Euros (€).**

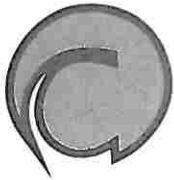
The Trust's internal and accounting control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures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

In light of the current financial position, the board of trustees is satisfied that Dzikwa Trust is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Trusts' financial statements which are set out on pages 5 to 14 were, in accordance with their responsibilities approved by the trustees on 21 May 2010 and are signed on their behalf by:

  
.....  
Chairman

  
.....  
Operations Trustee



**C A M E L S A**

chartered accountants (zimbabwe)

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P O Box CY 2619, Causeway, Harare, Zimbabwe,  
Tel: (+263-4) 442511-7 Fax: (+263-4) 496985,  
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## **REPORT OF THE INDEPENDENT AUDITORS**

### **TO THE MEMBERS OF DZIKWA TRUST**

We have audited the accompanying financial statements of Dzikwa Trust as set out on pages 5 to 14, which comprise the statement of financial position at 31 December 2009, and the statement of income and expenditure and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes. It is management's responsibility to ensure that the financial statements fairly present the state of affairs of the trust. The external auditors are responsible for independently reviewing and reporting on the financial statements.

#### **Trustees' Responsibility for the Financial Statements**

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, except for the modifications to the auditors' report and the manner in which we report on the compliance of the financial statements with the guidance and recommendations issued jointly by the Public Accountants and Auditors Board and the Zimbabwe Stock Exchange in July 2009. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Unqualified opinion on the financial statements.**

In our opinion, the financial statements, in all material respects, gives true and fair view of the financial position of Dzikwa Trust as at 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on legal and regulatory other requirements**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies set out in **note 1**

**Emphasis of matter**

Without qualifying our opinion, we draw your attention to the following:

Economic Environment

The operations of the trust, have been significantly affected, and may continue to be affected for the foreseeable future, by the adverse effects of the country's unstable economic environment. The ability of the trust to continue operating as a going concern, in such an environment, is subject to continual assessment by management.

*Camelsa*

**CAMELSA**  
Chartered accountants (Zimbabwe)

31 May 2010

**HARARE**

**STATEMENT OF INCOME AND EXPENDITURE**  
for the year ended 31 December 2009

	Notes	2009 €	2008 €
<b>Income</b>			
Zimbabwe Aids Orphans		241 623	125 003
Payment made by ZAO on behalf of Dzikwa Centre		-	336
Dzikwa Trust Local donations		1 985	883
Foreign donations - Container from Finland		10 236	27 553
Other income-Survival food packs		715	-
Interest received		69	-
		<hr/>	<hr/>
<b>Total Income</b>		<b>254 628</b>	<b>153 775</b>
<b>Expenditure</b>			
Personnel costs	2	20 286	13 767
Activity costs	3	195 126	117 231
Operation and maintenance		18 341	16 269
Administrative costs	4	18 909	4 066
Miscellaneous costs		-	1 072
Shelter home expenses		-	2 197
Monitoring and evaluation costs		-	4 968
Depreciation		2 207	1 553
Dzikwa centre maintenance		688	-
		<hr/>	<hr/>
<b>Total Expenditure</b>		<b>255 557</b>	<b>161 123</b>
<b>Loss for the period</b>		<b>(929)</b>	<b>(7 348)</b>

**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2009

	Notes	2009 €	2008 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property - Dzikwa Centre	5	106 271	46 285
<b>Current assets</b>			
Cash and cash equivalents	6	5 737	1 334
Prepayments	7	1 322	-
		<u>7 059</u>	<u>1 334</u>
<b>Total assets</b>		<u>113 330</u>	<u>47 619</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Accumulated Fund and Reserves</b>			
Accumulated funds		6 062	6 991
Building fund		<u>104 293</u>	<u>27 894</u>
<b>Total equity</b>		<u>110 355</u>	<u>34 885</u>
<b>Current liabilities</b>			
Funds due to Trustees	8	2 775	12 534
Payables	9	<u>200</u>	<u>200</u>
		<u>2 975</u>	<u>12 734</u>
<b>Total equity and liabilities</b>		<u>113 330</u>	<u>47 619</u>



Mr. S. J Chifunyise  
Chairman



Mr. S. Ainamo  
Operations Trustee

**STATEMENT OF CHANGES IN FUNDS**  
for the year ended 31 December 2009

	Building fund €	Accumulated Funds €	Total €
Balance on 1 January 2008	3 100	14 339	17 439
Movement for the period	24 794	-	24 794
Deficit for the period	<u>-</u>	<u>(7 348)</u>	<u>(7 348)</u>
<b>Balance at 31 December 2008</b>	<u><u>27 894</u></u>	<u><u>6 991</u></u>	<u><u>34 885</u></u>
Balance on 1 January 2009	27 894	6 991	34 885
Movement for the period	76 399	-	76 399
Deficit for the period	<u>-</u>	<u>( 929)</u>	<u>( 929)</u>
<b>Balance at 31 December 2009</b>	<u><u>104 293</u></u>	<u><u>6 062</u></u>	<u><u>110 355</u></u>

**STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2009

	Notes	2009 €	2008 €
<b>Cash flows from operating activities</b>			
Deficit for the period		(929)	(7 348)
Adjustment for:			
Interest received		(69)	-
Depreciation		2 207	1 553
		<u>1 209</u>	<u>(5 795)</u>
Cash flows before working capital changes		1 209	(5 795)
Net effect of working capital changes	10	<u>(11 081)</u>	<u>(6 532)</u>
Net cash utilised from operations		<u>(9 872)</u>	<u>(12 327)</u>
<b>Cash flows from financing activities</b>			
Decrease in borrowings		-	(18 855)
Building fund donation		76 399	24 794
		<u>76 399</u>	<u>24 794</u>
Net cash generated from financing activities		<u>76 399</u>	<u>5 939</u>
<b>Cash flows from investing activities</b>			
Interest from bank		69	-
Acquisition of property and equipment		<u>(62 193)</u>	<u>(13 215)</u>
Net cash utilised in investing activities		<u>(62 124)</u>	<u>(13 215)</u>
<b>Increase in cash and cash equivalents</b>		4 403	(19 603)
Cash and cash equivalents at beginning of period		<u>1 334</u>	<u>20 937</u>
Cash and cash equivalents at end of period	6	<u><u>5 737</u></u>	<u><u>1 334</u></u>

**STATEMENT OF ACCOUNTING POLICIES**  
for the year ended 31 December 2009

**1 ACCOUNTING POLICIES**

The principal accounting policies of the Trust, set out below, are consistently followed in all material respects. These financial statements, unless otherwise disclosed, are prepared in conformity with International Financial Reporting Standards (IFRS).

**1.1 Basis of preparation**

The financial statements are presented in Euros. They have been prepared under the historical cost convention. No information is given to reflect the impact of changing prices on the Trust's financial position or the results of its operations.

**1.2. Standards and amendments adopted by the Trust**

A number of new standards, amendments and interpretations issued that are effective and have been adopted by the trust include:

**IAS 1 Presentation of Financial Statements (Revised)**

The application of the revised IAS 1 changed the format of the financial statements but did not fundamentally change the reported financial position or performance.

- |       |   |
|-------|---|
| 1.2.1 | Present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. |
| 1.2.2 | 'Balance sheet' to 'Statement of financial position'  |
| 1.2.3 | 'Income statement' to 'statement of comprehensive income'   |
| 1.2.4 | 'Cash flow statement' to 'statement of cash flows'  |

**1.3. New Standards and Interpretations in issue.**

The following standards were in issue but not yet effective:

IAS 7	Statement of Cash flows 1 January 2010
IAS 17	Leases 1 January 2010
IAS 19	Employee Benefits 1 January 2009
IAS 21	The Effects of Changes in Foreign Exchange Rates 1 July
IAS 23	Borrowing costs 1 January 2009
IAS 24	Related Party Disclosures 1 January 2011
IAS 28	Investments in Associates 1 January 2009
IFRS 2	Share Based Payments 1 January 2009

The company has not yet early adopted these standards. The early adoption of these standards will not have a material effect on the financial statements.

**STATEMENT OF ACCOUNTING POLICIES**  
for the year ended 31 December 2009 (continued)

**1.4 Property and equipment**

Property and equipment is stated at cost less accumulated depreciation using the straight line method.

**1.4.1 Depreciation**

Property and

Boreholes	10%
Water tanks	10%
Computer equipment	20%
Videos and cameras	20%
Other equipment	20%

There is no depreciation charge on land as the asset does not depreciate in value.

**1.4.2 Fair value**

Property is revalued every three years. If the asset's carrying amount increases as a result of the revaluation, the increase is recognised in the capital reserve. If the asset's carrying amount decreases as a result of the revaluation, the decrease is recognised in the income and expenditure account.

Subsequent to revaluation, an amount equivalent to that portion of the annual depreciation charge relating to the revaluation surplus is charged to accumulated fund.

**1.5 Related party transactions**

A party is related to the Trust if he/she is a member of the key management personnel of the Trust and if the party is a close member of the family of any individual referred to above. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**1.4.1 Amounts due to Trustees**

Amounts due to Trustees are recognised when the Trust has an obligation to pay a Trustee for goods received or services rendered, expenses paid for, loans advanced and any other payment/settlement made by the Trustee on behalf of the Trust.

**1.4.2 Amounts due from Trustees**

Amounts due from Trustees are recognised when the Trustee has an obligation to pay the Trust for goods purchased, bills settled, loans advanced and personal expenses settled by the Trust on behalf of the Trustee.

**1.6 Donations income**

Donations income comprises funds received from local and international donor organisations for the day to day operation of the Trust excluding specific donations made for the construction of Dzikwa Centre which are recognised directly in the statement of accumulated funds. The current year donations includes a donation of €10 000, donated in 2008, but recorded in the books in 2009.

**STATEMENT OF ACCOUNTING POLICIES  
for the year ended 31 December 2009 (continued)****1.7 Provisions**

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events and where it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**1.8 Fees**

Fees expenditure represents the following: school fees, exam fees and levies paid for both secondary school and primary school children.

**1.9 Uniforms**

Uniforms expenditure represents the following: school uniforms, jerseys, stockings, shoes, sports wear and hats bought during the year.

**1.1 School accessories**

These include boarding schools amenities bought during the year, such as textbooks, exercise books, bags, trunks, bus fare and pocket money.

**1.11 Administration expenses**

Administration expenses represents salaries, allowances paid to the Accountant, board members, telephone bills, e-mail costs and computer repairs and accessories.

**1.12 Dzikwa Shelter**

The Dzikwa shelter accommodates thirty-one (31) orphans attending primary and secondary schools in and around Dzivarasekwa. Dzikwa shelter expenses include rentals, renovations, food expenses and extra tutoring expenses incurred for the benefit of the Trust orphans who live at the Shelter Home.

**1.13 Junior house**

The Junior house accommodates seven (7) orphans attending primary schools in and around Dzivarasekwa and also provides a meeting place for cultural activities for smaller children in Dzikwa Trust. Junior house expenses include rentals, renovations, food expenses and extra tutoring expenses incurred for the benefit of the Trust orphans who live at the Junior house.

**1.14 Garden project**

The garden project represents Dzikwa Trust self reliance and reduces the necessity of purchasing vegetables outside. The project involves cultivation of vegetables at Dzivarasekwa 4 primary school. Expenses incurred on the project include procurement of garden tools, cultural seeds and other needs for the project.

**1.15 Tree planting**

The tree planting project is for the purpose of supplying firewood to Dzikwa kitchen as well as the Dzivarasekwa community. Expenses incurred on the project include procurement of tools, cultural seeds and other needs for the project. Fifty percent of the trees planted would be Dzikwa property.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2009

	2009	2008
	€	€
<b>2 Personnel costs</b>		
Salaries and related costs	17 995	13 595
Travelling costs	1 050	172
Telecommunication costs	1 125	-
Staff medical costs	116	-
	<u>20 286</u>	<u>13 767</u>
<b>3 Activity costs</b>		
School fees and levies	76 638	12 244
Uniforms and sports wear	19 760	11 738
School books and accessories	9 188	13 070
Food and nutrition	40 867	34 555
Health care and toiletries	9 430	9 607
Travelling costs	4 103	2 741
Sports and recreation	5 771	4 194
Dzikwa shelter	5 271	2 114
Junior house	4 783	7 611
Dzikwa garden project	2 764	798
Tree planting project	1 110	237
Disabled children	350	-
Container from Finland	11 219	17 526
Shelter home expenses	-	400
Miscellaneous activities	3 872	396
	<u>195 126</u>	<u>117 231</u>
<b>4 Administrative costs</b>		
Salaries and related costs of administrative personnel	2 976	1 946
Office costs, computer repairs and accessories	5 287	1 030
Telecommunications costs	7 807	688
Office rentals	1 200	-
Audit fees	800	400
Bank charges	597	-
Insurance costs	242	-
Miscellaneous administration costs	-	2
	<u>18 909</u>	<u>4 066</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2009

5 Property - Dzikwa Centre

	Land and buildings €	Borehole €	Water tanks €	Kitchen Equipment €	Computer Equipment €	Video and cameras €	Other Equipment €	Total €
<b>At 1 January 2009</b>								
Cost	38 408	-	-	-	13 071	593	1 057	53 129
Accumulated depreciation	-	-	-	-	(6 066)	(280)	(498)	(6 844)
Carrying amount	<u>38 408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 005</u>	<u>313</u>	<u>559</u>	<u>46 285</u>
<b>Year ended 31 December 2009</b>								
Opening carrying amount:	38 408	-	-	-	7 005	313	559	46 285
Improvements	45 309	-	-	-	-	-	-	45 309
Additions	1 828	5 511	1 245	5 100	2 000	138	1 062	16 884
Depreciation charge for the year	-	(551)	(125)	-	(1 310)	(67)	(154)	(2 207)
Closing carrying amount	<u>85 545</u>	<u>4 960</u>	<u>1 120</u>	<u>5 100</u>	<u>7 695</u>	<u>384</u>	<u>1 467</u>	<u>106 271</u>
<b>At 31 December 2009</b>								
Cost	85 545	5 511	1 245	5 100	15 071	731	2 119	115 322
Accumulated depreciation	-	(551)	(125)	-	(7 376)	(347)	(652)	(9 051)
Closing carrying amount	<u>85 545</u>	<u>4 960</u>	<u>1 120</u>	<u>5 100</u>	<u>7 695</u>	<u>384</u>	<u>1 467</u>	<u>106 271</u>

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

	2009	2008
	€	€
<b>6 Cash and cash equivalents</b>		
For the purposes of the cash flow statement, cash and cash equivalents comprise of:		
Bank balances		
- Euro account	5 713	1 194
- ZW\$ account	-	46
- Dzikwa activity centre bank account	-	-
Cash Account	<u>24</u>	<u>94</u>
	<u>5 737</u>	<u>1 334</u>
<b>7 Receivables and prepayments</b>		
Prepayments	<u>1 322</u>	<u>-</u>
<b>8 Fund due to Trustees</b>		
This represents cash spent on the day to day operations of the trust by Seppo and Oili to be reimbursed to them or funds from the trust spent by them on their own personal expenditure which they have to pay back to the trust.		
<b>Due to trustees:</b>		
Oili and Seppo	<u>2 775</u>	<u>12 534</u>
<b>9 Payables</b>		
Audit fees	<u>200</u>	<u>200</u>
<b>10 Net effect of working capital changes</b>		
Increase in receivables and prepayments	(1 322)	-
Decrease in payables	<u>(9 759)</u>	<u>(6 532)</u>
	<u>(11 081)</u>	<u>(6 532)</u>