



# Annual REPORT 2013



**RUSHINGA**



**RURAL DISTRICT COUNCIL**

Abiyangu **Ngatishandei** Fabodzi

To have sustainable and  
people centered  
development in the district  
by 2017



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## Description of Rushinga Rural District Council

### BRIEF DESCRIPTION OF RUSHINGA RURAL DISTRICT COUNCIL

Rushinga Rural District Council was established in terms of Rural District Councils Act, Chapter 29:13. The Local Authority falls under the Ministry of Local Government, Public Works and National Housing and it was established to provide service delivery to the populace which occupies its district.

#### VISION

To have sustainable and people centred development in the district by 2017

#### MISSION

To have the best road, education, health, recreation and commercial infrastructure, conservation and enterprise development programmes, administration communication and financial base for Rushinga Rural District Council by 2017.

#### Core Values

- Client oriented
- Professionalism
- Good public relations
- Openness and transparency
- Teamwork and team spirit
- Quality service
- Mutual respect
- Commitment



## Letter to the minister

### Presentation Letter

The Hon Minister, Cde I.M.C Chombo  
Minister for Local Government, Rural & Urban Development  
P Bag  
Causeway  
Harare

29 May 2014

RE: SUBMISSION OF 2013 ANNUAL REPORT

The Public Finance Management Act, Chapter 22:19 section 49 subsection (1) d requires that each public entity submit an annual report on the activities carried out in the preceding year, I have the honour and privilege to present to you the 2013 Annual Report and audited accounts for Rushinga Rural District Council for the year ended 31 December 2013.

Accompanying this letter is the detailed report for activities that took place in the district. May I also take this opportunity to thank you for your support you continue to render to the Council as we try to improve our service delivery.

  
\_\_\_\_\_

Mr Chiwarange(Chairperson)

Date 17/06/14

CLlr S Chiwarange  
Council Chairperson





Rushinga Rdc Council 2013-2018



Council Chairperson Cllr S. Chiwarange  
Katakura



Cllr P. Kachidza  
Makuni



Cllr T. Gomo  
Katoni



Cllr P. Chitahwa  
Nyamanyanya



Vice Council Chairperson Cllr P. Kaitano  
Mukosa



Cllr K. Mahachi  
Kamanika



Cllr M. Mavhura  
Nyanewe



Cllr M. Nyambani  
Nyatsotso



Cllr O. Gwashure  
Gwashure



Cllr S. Chitongo  
Chapinduka



Cllr G. Kanyama  
Kasenzi



Cllr F. Mupindu  
Kasanga



Cllr B. Parangeta  
Mubvundudzi



Cllr C. Muropa  
Rutuka



Cllr M. Mafunga  
Kasika



Cllr L. Mutonho  
Chomutukutu



Cllr T. Chikoso  
Chitange



Cllr S. Kamugogode  
Bopoma



Cllr B. Makanga  
Rusambo



Cllr B. Mugaradziko  
Rushinga



Cllr B. Manyika  
Chimhanda



Cllr S. Chibundu  
Gwangwava



Cllr G. Tsiga  
Nyamatikiti



Cllr N. Marikisi  
Bungwe



Cllr F. Mukoka  
Rushinga



Rushinga Rdc Management Team

Mr P Munyede  
Chief Executive Officer



Mr H Chimwere  
EO Social Services & HR



Mr O Mwakasa  
Treasurer



Mr K Jonasi  
Acting EO Projects & Planning





Overall Staff Organogram

Fig 2.1

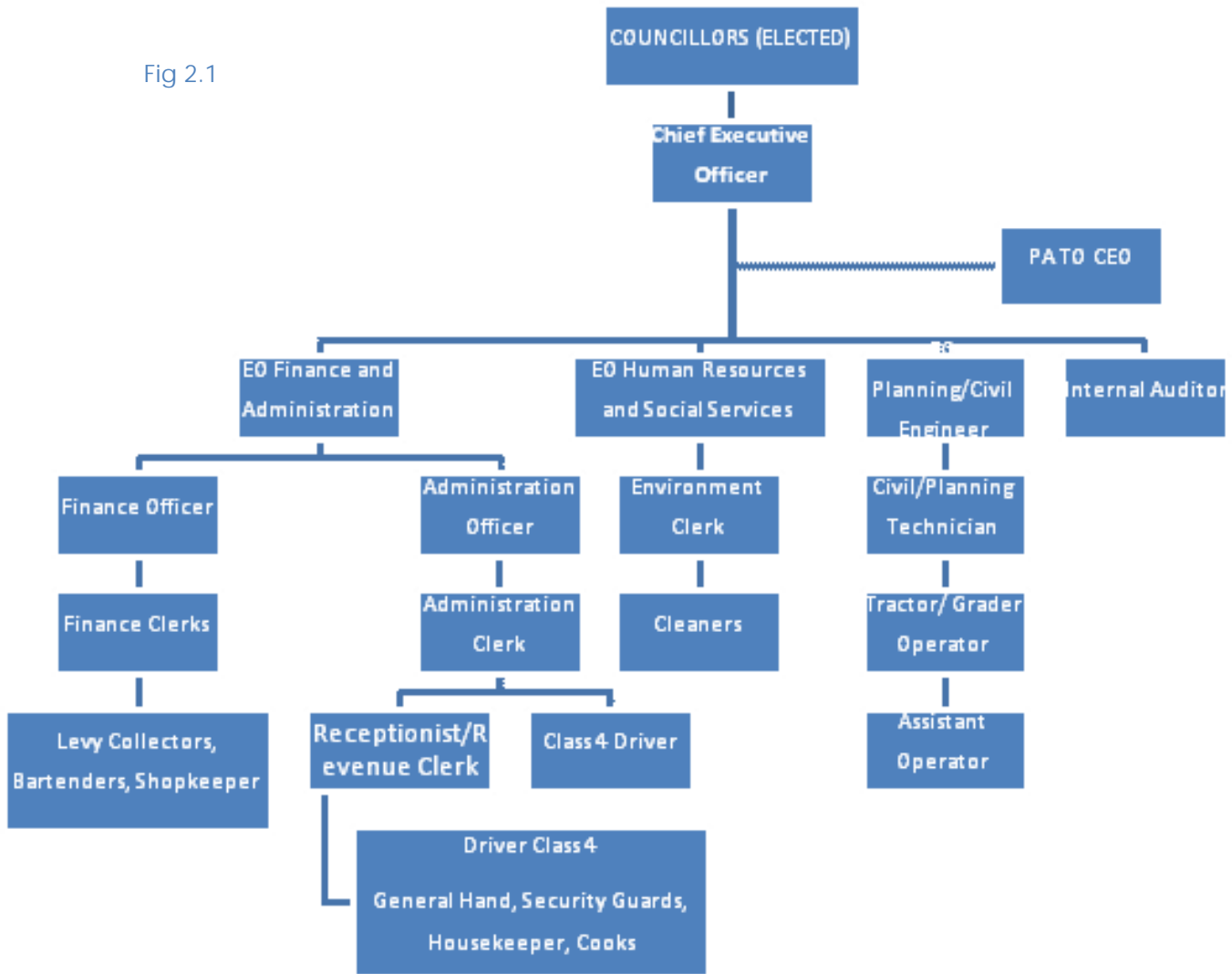


Figure : Overall Organisational chart.



## Chairperson's Statement

The year 2013 was a year filled with a lot of activities which had a direct bearing on the local government fraternity. During the first quarter the nation managed to hold the referendum on the new constitution which was very successful.

The completion of the constitution saw the country heading for the harmonised elections in which our party Zanu (PF) resoundingly won. These elections also ushered a new council. Rushinga Rural District Council managed to retain all 25 wards under the Zanu (PF) ticket. This is good as there is consensus on ideology and planning of activities for the district.


Despite the challenges which the council faced, it managed to register some success as we received \$400 000 PSIP funding to undertake water and sewer reticulation for the two urban settlements in the district. The council also managed to abide by various provisions of the RDC Act by hold statutory meetings as required. The council also managed to write off debts owed by its ratepayers so that they could start on a new footing.

The council is very grateful to the presidential input scheme which was initiated towards the farming session. We witnessed good crops in the community and hope that the 2014 harvest will be good.

However, the council faced serious challenges mainly from cotton prices which were paid to farmers. This saw our farmers reducing hectrage of cotton planted in the 2013-2014 season. The fall in cotton prices affected the communities as they failed to have cash to purchase basic food stuffs. This also affected the capacity of council to collect revenue from cotton companies as many of them failed to operate. The continued demise of the once profitable crop has a major bearing for Rushinga district.

Let me take this opportunity to thank the Ministry of Local Government, Public Works and national housing for its continued guidance through the District Administrator and other review mechanisms like the systems audit. It is my hope that the continued guidance will help this Local Authority to continue to register progress in its quest to provide quality service delivery to its communities.

Thank you

  
Mr Chiwarange(Chairperson)

Date 17/06/14

Cllr Spencer Chiwarange







## Council Chairperson

### Message from the Chief Executive Officer

The year 2013 started promising with inflation which closed at 4.4% in 2012 declining to 0.4% by end of 2013. However, this deflation did not translate into major cash flows into the council but it just provided realistic planning and budgeting to take place. Rushinga RDC continued to strive to provide service to its communities despite that revenue inflows are limited.

The council managed to score some success which includes having its accounts audited, recruitment of a substantive Treasurer. This will go a long way in improving management of finances.

However, due to limited inflows the council continued to be faced with garnish orders notably from Zimra and Nssa. The council is very much willing to pay up statutory obligations and will strive to improve on this aspect.

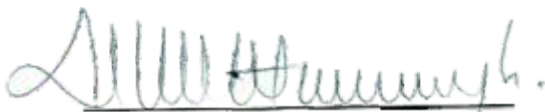
The Council posted losses in 2012 and 2013 of (51 914) and (92 540) respectively. The following strategies have been put in place to revive the local authority and ensure that it delivers its mandate.

The following are to be pursued

- 1) Closure of all loss making beerhalls
- 2) To carry out job evaluation exercise
- 3) To resuscitate formal cattle auctions
- 4) To followup debtors vigorously

On behalf of the council executive and staff, I would want to thank all our developmental partners who have continued to support us and hope 2014 will be a better year for the council.

P Munyede  
Chief Executive Officer

  
Mr Munyede (Chief Executive Officer)  
Date 17/06/14





## Performance Of Council Through Its Committees

### FINANCE AND ADMINISTRATION OPERATING ENVIRONMENT

The Country in general has been facing liquidity challenges which in no doubt could not spare our district. Inflation levels started at 2.5% in January but dropped to 0.3% by year end. This however did not translate to improved cash flows; still the district had little cash at disposal. The Economic environment continued to be very unfavourable with business activities becoming not viable. Most shops closed down and the business community failed to pay up dues- rates, levies and leases. Generally there was a remarkable low performance of businesses; it was mainly contributed by low disposable income of our communities. The committee managed to do all the twelve committee meetings for the year 2013. However there were short-comings like delay of meetings caused by national events that include training of councillors. Amidst a lot of financial challenges we were in, the committee managed to fund big projects like the initial opening of access roads in Rushinga residential areas that stretched about 10km and costs US\$17 100.00. Some of the projects includes fencing of Council premises with a cost of US\$4 500.00, purchase of a generator at US\$1 200.00.

### CORPORATE GOVERNANCE

As per the statutory requirement the committee managed to conduct hold all its monthly meetings as per the RDC Act..

### STATE OF AUDIT

The 2012 audit was done and submitted to all relevant offices. The 2013 external audit results are also attached at the end of this report. It is also great to note that Systems audits were carried out for 2013 and 2012. Council managed to implement most of the recommendations of the audit.

### PSIP GRANT

The council is also very grateful to the Government for giving it a PSIP grant of \$400 000 to undertake sewer and water reticulation project at Chimhanda Growth point and Rushinga Rural Service centre. The project is expected to be implemented and completed in 2014. The council will work with Zinwa, ZESA and Ministry of Local Government, Public Works and National Housing.

### INCOME GENERATING PROJECTS

During the period under review the council had the following IGP's:

- Guesthouse
- Kiosk
- Beerhalls

The first two have been performing fairly well but the beerhalls have been operating at a loss for the past years mainly due to higher conditions of service for bar workers as set by the National Employment Council (NEC). The council beerhalls were competing with private bottle stores whose activities are not regulated by NEC. As a result of the losses Council resolved to close the beerhalls and lease them.

### MAJOR OPERATING COSTS

#### Salaries and Wages

The main cost drivers for the councils expenditure is the huge wage bill due to overstaffing and misplacement of staff members into posts. The councils gross wage bill of about \$25 000 per month is not sustainable. The council thus resolved to have a job evaluation in 2014 to address the anomaly.

To this end, the resultant effect of the mismatched revenue and expenditure was :

- Three (3) month's salary arrears by December 2013.
- Two (3) months backlog to Councillors allowances.
- Other Council creditors includes statutory obligations list below as follows;
- Pension US\$180 000

ZRDCWN	US\$	4 024
ZIMDEF	US\$	3 486
NEC	US\$	22 187
ZILGA	US\$	32 600
ZIMRA	US\$	15 794
NSSA	US\$	12 764
TOTAL	USD\$	270 855



## Roads Works And Planning Committee

### COVERED ACTIVITIES

#### ROADS REHABILITATION

In partnership with G & W mining company the council managed to open 15 km of new roads at Rushinga Rural Service Centre. The opening of the roads was of great importance to the residence as it gave them access to their homes. The council was responsible for fueling the grader and paying of salaries of the operator.

After having completed the opening up of roads in the service centre, the machine was also used to stock pile 10 000m<sup>3</sup> which shall be used for the purpose of gravelling of these roads.

The Council fully appreciates the donation of a motorized grader as this has capacitated the local authority. This facility had an immediate impact in road maintenance in the district. The is also grateful to the training which was extended to its grader operators.

A total of 117km was graded even though some of the roads are to be re-done being the likes of Rushinga RSC which was poorly done

#### HOUSING DEVELOPMENT

##### 2.3 COMMUNITY INITIATED WATER RETICULATION PROJECT AT CHIMHANDA DSC

An initiative to service residential stands at Chimhanda as a pilot community driven project was launched and yielded positive results. Through this initiative, 154 residential stands were serviced with water reticulation pipes and council in partnership with ZINWA provided technical guidance. In return the community requested to be considered on the casting of street names proposals by council.



Road opening in Rushinga



Pipe laying in Chimhanda





## Allocation of stands

### 2.5 ALLOCATION OF STANDS

During the year the following allocations were made:

During the year the following allocations were made:

DETAILS	RUSHINGA RSC	CHIMHANDA GROWTH POINT	TOTAL
Residential stands (Allocations)	31	9	40
Commercial (shops)			
Residential stands (pegged)	91	-	91
Church	1	-	1

#### Commercial Development

There is rapid growth in housing and commercial structures as construction is being carried out at in the district. New improved and state of the art structures are being constructed as shown below.

#### CHALLENGES

This previous pegging of stands had marked the end of the previously planned residential area meaning that there was need to facilitate for another turchy survey to avail space for residential expansion of which a torchy survey was done immediately after pegging of stands.



New business premises in Rushinga

### 2.6 BUILDING PLANS APPROVAL

88 building plans were approved by council of which 22 falls under commercial and 66 for residential.





## Fencing Of Council Offices

The local authority managed to erect a security fence around its council offices at Chimhanda DSC. This was done with the idea to secure the place so that movements at the premises are controlled. The cost of the project was \$5 500.



### SIGNAGE

The Local authority also managed to put directional signs at strategic points as shown





## Lands, Agriculture and Environment Committee

### INTRODUCTION

The department could not meet the standard of services expected within the district because of financial base. We have hope to deliver but at times failed. We had partners such as Community Technology Development Trust which constructed several cattle sales pens in the district. The structures are there but we encountered no activity. This was due to the unwillingness of lack of cooperation between cooperating partners like Council,ZRP ,Vet and Livestock Production Development.

### PUBLIC AUCTION STRAY CATTLE

The department managed to hold auctions for stray animals during the year under review.

### DUMP SITE

The department was not able to construct dump site due to financial constraints. The construction will approximately need US\$25 000 to US\$30 000. Therefore for the time being we are using temporary dump site.

### REFUSE COLLECTION

This was done twice a week that is on Mondays and Fridays for Rushinga Township and Chimhanda Growth Point.

### LAND DISPUTE CASE

The Committee managed to attend to the land disputes between Mody Chirata and Kanopupa S in the year 2013.This was the only case reported in the year.

### PUBLIC CATTLE MARKETS

The department faced a very big challenge in implementing the cattle sales. On the ground there are cattle sales pens without activities. Sometimes when we have cattle there will be no buyers.

The major cause for the failure by the council to hold public cattle auctions are the illegal buying of cattle by private buyers.



Illegal cattle buying





## Ctdt Projects

The organisation assisted the district by constructing small and large livestock sale pens in different wards within the District.

Small livestock sales pens which were constructed are as follows:

The sales pens were constructed in the following wards, Bungwe, Chomutukutu, Katoni, Nyamatikiti, Kasika.

Large livestock sales pens constructed are as follows:

Rushinga, Chimandau, Chimhanda, Bopoma, Chitange



The following Dip tanks were also rehabilitated by the same organisation:

Urere, Bungwe, Nyamatikiti, Chongoma, Mukuhununu, Mubvundudzi, Chitange, Nyahando, Maguwo, Maname, Chomutukutu



## Mazowe River

As the environment department responsible for natural resources in the district, we faced challenges of unlicensed gold panners. The serious one were the Chinese who used heavy machinery to pan gold and use chemicals in the river. However, the situation was solved by engagement of ZRP and EMA as the illegal activities were stopped but this is a perennial problem along Mazowe river and its long term solution needs serious policy formulation by central government.

### NYATANA MPISI PROJECT

The joint of the three Rural District Councils, UMP, Rushinga and Mudzi signed memorandum of understanding between the Impisi Conservation Trust. The three councils are the owners of the forest. The operator failed to pay rentals for the three RDCs. Even the community could not benefit anything in the year 2013.

### FIELD DAYS

The department managed to attend most of the field days organised by the Department of Agritex. Most of them were for cotton growers and maize.



Illegal Mining activities in Mazoe river



### NATIONAL TREE PLANTING DAY

The department managed to hold the tree planting day on the 20<sup>th</sup> of December 2013 at the council premises where the communities gathered to grace the occasion including traditional leaders and other community leaders. A total of 190 trees of different species were planted on the days.







## Clean-up Campaigns

The department managed to hold three clean up campaigns one at Chimhanda Growth Point and two at Rushinga Rural Service Centre. Our partners DAPP and EMA assisted the department to organize the events.

Social Services and Human Resources  
2013 WATER AND SANITATION

### COMMISSIONING OF SEMWA DAM

The ground breaking ceremony for the construction of Semwa dam was done on the 21<sup>st</sup> of June 2103 by the Hon Vice President Cde J T Mujuru. The project if completed will be of great use to Rushinga and Mt Darwin district. The water will be used for irrigation purposes and drinking.

### BOREHOLE DRILLING

Six ( 7 ) boreholes were drilled during the year in ward 1,2,3,4,5, 21 and 24 unfortunately 2 were dry but new sights were to be identified once funds became available.

### BOREHOLES MAINTENANCE

The council managed to provide borehole maintenance materials like G.I pipes; on the other hand DDF provided the manpower with skills to do the repairs. The community mobilised fuel and hired vehicles collect the materials; they also provided food to DDF staff members.



CDE J.T Mujuru at the ground breaking site for Semwa Dam



Borehole Drilling in Rushinga



Borehole maintenance in Rushinga

## Health

### 1.0 Mothers Shelters

The following mothers shelters were refurbished at the following Rural Health Centres, Chimhanda, Rusambo, Bungwe and Nyamatikiti by OPHID (Organization for Primary Health Intervention and Development) the projects were completed by October 2013.

- ? New construction works for the same projects will be done at Nhawa, Rushinga and Mukonde Rural Health Centres in 2014

### 1.1 New Health Centres

- ? Three Rural Health Centres were approved and are under construction and these are Chengoma, Katoni and Nyatsato Rural Health Centres. These are community projects, progressing slowly due to financial constraints.
- ? Two clinic sites were also pegged during the year at Mubvundudzi and Maname clinics.
- ? Funding has affected the completion and delays to kick start the much needed health institutions.

### HEALTH TRANSITION FUND

During the year nothing much was done serve for the training of the District Hospital Executive on the management of the fund. If it becomes fully operational, HTF will go a long way in improving the Health infrastructure in the District which needs much attention.

Patient friendly institutions are of paramount importance in improving the Health Service delivery system.

### Sanitation

During the year 90 Blair latrines were constructed in the district by Caritas as follows, 60 in Chiputu village ward 13 and 30 in Katoni Ward 23. Sanitation and hygiene need to be considered seriously in order to avoid diarrhoea diseases. The Communities need to be encouraged to build Blair latrines.



### HUMAN RESOURCES

The Council managed to recruit a substantive Treasurer during the year 2013. However, there are still critical posts not yet filled like that of an Engineer and Auditor. At present the Council has a staff complement of 35 permanent staff and 3 are on contract.



## Training

### TRAINING

In 2013 the council resolved to have manpower training and development as its priority targets and the following was done.

NAME	COURSE	College/Institution
Mr V Hoboya	Block & Brick Laying	Chaminuka Training Centre
MR H Chimwere	Bachelor of Human Resources	Bindura University
Mr K Jonasi	Bachelor of Rural and Urban Planning	Great Zimbabwe University
Mr P Matika	HND in Accounting	SAAA
Mrs P Gwaka	O Levels	Private Studies

The above approach will help the council to upgrade its staff from inside .

### JOB EVALUATION

The council noted that one of its challenges is that it has a bloated staff complement which is misplaced in positions .Therefore in order to address this challenge the council resolved to have a job evaluation exercise in 2014.This exercise is hoped that it will address one of the major challenges the council is facing.



# Rushinga Rdc In Pictures-2013



A community member after planting a tree



A prophet doing his work in Mazowe river



Social life at illegal mining sites in Mazowe river



Cllrs pose for a picture after their swearing in ceremony



DA having a feel of the caterpillar



Cllr Induction Training 2013

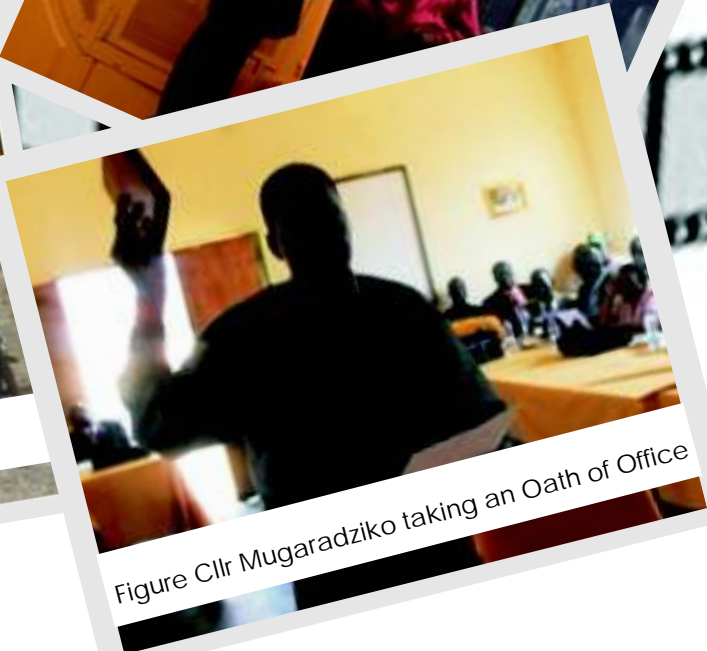


Figure Cllr Mugaradziko taking an Oath of Office






Financial Statements for the year ended December 31, 2013

**Statement of Financial Position**

Figures in US Dollar	Note(s)	2013	2012
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	835,184	829,052
Current Assets			
Inventories	3	1,970	9,037
Trade and other receivables	4	6,806	32,334
Cash and cash equivalents	5	403,173	11,466
		<b>411,949</b>	<b>52,837</b>
<b>Total Assets</b>		<b>1,247,133</b>	<b>881,889</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves		835,184	829,052
Accumulated deficit		(351,134)	(252,462)
		<b>484,050</b>	<b>576,590</b>
<b>Liabilities</b>			
Non-Current Liabilities			
PSIP loan for the Rehabilitation of Road, Waste Management, Water and Sewer Infrastructure	6	400,000	-
Current Liabilities			
Trade and other payables	7	359,083	305,299
Interest on PSIP loan		4,000	-
		<b>363,083</b>	<b>305,299</b>
<b>Total Liabilities</b>		<b>763,083</b>	<b>305,299</b>
<b>Total Equity and Liabilities</b>		<b>1,247,133</b>	<b>881,889</b>

The financial statements and the notes on pages 6 to 22, were approved by the Council on \_\_\_\_\_ and were signed on its behalf by:

  
 \_\_\_\_\_  
 Mr Chiwarange (Chairperson)

  
 \_\_\_\_\_  
 Mr Munyede (Chief Executive Officer)

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.



## Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

### General Information

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<b>Country of incorporation and domicile</b>	Zimbabwe
<b>Nature of business and principal activities</b>	Social service provider to the residents of Rushinga District.
<b>Directors</b>	Mr Chiwarange(Chairperson) Mr Munyede(Chief Executive Officer) Mr Mwakasa(Executive Officer Finance)
<b>Registered office</b>	Chimhanda Council Offices P Bag 2107 Rushinga
<b>Bankers</b>	Agribank
<b>Auditors</b>	PKF Chartered Accountants (Zimbabwe) 3rd Floor, Takura House 67 Nkwame Nkrumah, Harare



## Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

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The reports and statements set out below comprise the financial statements presented to the shareholder:

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The following supplementary information does not form part of the financial statements and is unaudited:	
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## Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

### Councillors' Responsibilities and Approval

The Councillors are responsible for the preparation of the financial statements of the Council in accordance with applicable laws and regulations and in compliance with the International Financial Reporting Standards (IFRS) and the Rural District Council's Act {Chapter 29:13}. The Council's financial statements are required by law and IFRS to present fairly the financial position of the Council and the performance for that period. During the preparation of the Council financial statements, the Councillors are required to state whether they have been prepared in accordance with IFRS, prepare the financial statements on the going concern basis unless it is not appropriate to presume that Council will continue in business, select suitable accounting policies and then apply them consistently and make judgements and estimates that are reasonable and prudent. The Councillors are responsible for keeping proper accounting records that disclose with accuracy at any time the financial position of the Council and enable them to ensure that its financial statements comply with the Rural District Council's Act. The Councillors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Council and to prevent and detect fraud and other irregularities.

#### Going concern

The Councillors have assessed the ability of the Council to continue operating as a going concern and believe that the preparation of these financial statements on a going basis is still appropriate.

The council continues to make losses. In 2013 it made a loss of \$92,540 (\$51,914-2012). The council has put in place the following measures to turn the council to positive results:

1. The Council is under going a job evaluation process which will result in Council employees who do not have the adequate qualifications and skills being retrenched. This will also result in the Council cutting down heavily on the payroll costs.
2. Beerhalls were closed during the year as they were not making any profits for the Council. The Council is now getting income from leasing out the buildings.
3. The Council is now holding cattle auctions which will prevent cattle sales in the district being done on the side markets. The Council in turn will be getting auction income.
4. There are prospective companies who are planning on carrying out mining operations in the district. One of the companies intends on mining Manganese.

The councillors are confident the initiatives will bear positive results

#### Approval of financial statements

  
 \_\_\_\_\_  
 Mr Chiwarange (Chairperson)

Date 17/06/14

  
 \_\_\_\_\_  
 Mr Munyede (Chief Executive Officer)

Date 17/06/14





## To the member of Rushinga Rural District Council

### *Report on the Financial Statements*

We have audited the financial statements of Rushinga Rural District Council, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 17.

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

The Councillors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Rural District Councils Act, and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditors' 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. 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 auditors' judgement, 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 qualified opinion.

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PO Box CY 629 | Causeway | Harare | Zimbabwe

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***Basis for qualified opinion on the statement of financial position***

The Council does not depreciate property, plant and equipment. Had the property, plant and equipment been depreciated, the deficit for the year and property, plant and equipment would have been increased by \$31,389 (\$45,063-2012) and the book value as at 31 December 2013 would have been \$804,357, (\$726,838-2012).

**Qualified opinion on the financial position**

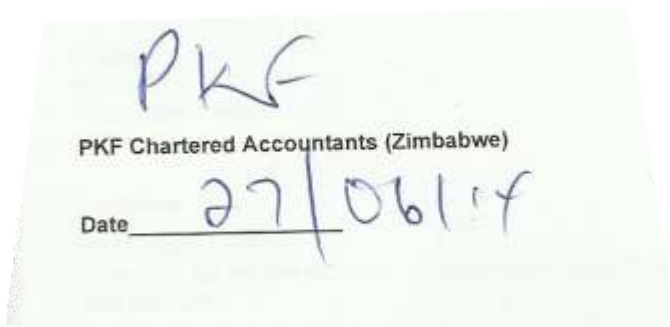
In our opinion, except for the effect of the matters described in the basis for qualified opinion, the financial statements present fairly, in all material respects, the financial position of Rushinga Rural District Council as at 31 December 2012, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

As detailed in note 1.2 to the financial statements, the Council did not make the provision for asset replacement due to cash flow challenges. Except for the non-provision for asset replacement, the financial statements have been prepared in accordance with the manner required by the Rural District Council's Act {Chapter 29:13}

**Emphasis of matter**

Without further qualifying our opinion, we refer you to note 17 where the going concern details of the Council are noted.





## Independent Auditors' Report

Financial Statements for the year ended December 31, 2013

**Statement of Comprehensive Income**

Figures in US Dollar	Note(s)	2013	2012
Revenue	8	793,168	718,309
Cost of sales	9	(125,558)	(133,743)
<b>Gross profit</b>		<b>667,610</b>	<b>584,566</b>
Operating expenses	10	(756,150)	(633,724)
<b>Operating deficit</b>		<b>(88,540)</b>	<b>(49,158)</b>
Finance costs		(4,000)	-
<b>Deficit for the year</b>		<b>(92,540)</b>	<b>(49,158)</b>
Other comprehensive income		-	-
<b>Total comprehensive deficit</b>		<b>(92,540)</b>	<b>(49,158)</b>
<b>Total comprehensive loss attributable to:</b>			
Rushinga Rural District Council		(92,540)	(49,158)

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.



## Independent Auditors' Report

Financial Statements for the year ended December 31, 2013

**Statement of Changes in Equity**

Figures in US Dollar	Revaluation reserve	Capital discharge	Total reserves	Accumulated deficit	Total equity
<b>Balance at January 01, 2012</b>	<b>774,539</b>	<b>6,691</b>	<b>781,230</b>	<b>(149,896)</b>	<b>631,334</b>
Total comprehensive deficit for the year	(5,586)	-	(5,586)	(49,158)	(54,744)
Contribution to capital outlay	-	53,408	53,408	(53,408)	-
Total changes	(5,586)	53,408	47,822	(102,566)	(54,744)
<b>Balance at January 01, 2013</b>	<b>768,953</b>	<b>60,099</b>	<b>829,052</b>	<b>(252,462)</b>	<b>576,590</b>
Total comprehensive deficit for the year	-	-	-	(92,540)	(92,540)
Contribution to capital outlay	-	6,132	6,132	(6,132)	-
Total changes	-	6,132	6,132	(98,672)	(92,540)
<b>Balance at December 31, 2013</b>	<b>768,953</b>	<b>66,231</b>	<b>835,184</b>	<b>(351,134)</b>	<b>484,050</b>
Note(s)		14			

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.



**Rushinga Rural District Council**


Financial Statements for the year ended December 31, 2013

**Statement of Financial Position**

Figures in US Dollar

	Note(s)	2013	2012
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	835,184	829,052
<b>Current Assets</b>			
Inventories	3	1,970	9,037
Trade and other receivables	4	6,806	32,334
Cash and cash equivalents	5	403,173	11,466
		<b>411,949</b>	<b>52,837</b>
<b>Total Assets</b>		<b>1,247,133</b>	<b>881,889</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves		835,184	829,052
Accumulated deficit		(351,134)	(252,462)
		<b>484,050</b>	<b>576,590</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
PSIP loan for the Rehabilitation of Road, Waste Management, Water and Sewer Infrastructure	6	400,000	-
<b>Current Liabilities</b>			
Trade and other payables	7	359,083	305,299
Interest on PSIP loan		4,000	-
		<b>363,083</b>	<b>305,299</b>
<b>Total Liabilities</b>		<b>763,083</b>	<b>305,299</b>
<b>Total Equity and Liabilities</b>		<b>1,247,133</b>	<b>881,889</b>

The financial statements and the notes on pages 6 to 22, were approved by the Council on \_\_\_\_\_ and were signed on its behalf by:

  
Mr Chiwarange(Chairperson)

  
Mr Munyede(Chief Executive Officer)

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.





## Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

### Statement of Comprehensive Income

Figures in US Dollar	Note(s)	2013	2012
Revenue	8	793,168	718,309
Cost of sales	9	(125,558)	(133,743)
<b>Gross profit</b>		<b>667,610</b>	<b>584,566</b>
Operating expenses	10	(756,150)	(633,724)
<b>Operating deficit</b>		<b>(88,540)</b>	<b>(49,158)</b>
Finance costs		(4,000)	-
<b>Deficit for the year</b>		<b>(92,540)</b>	<b>(49,158)</b>
Other comprehensive income		-	-
<b>Total comprehensive deficit</b>		<b>(92,540)</b>	<b>(49,158)</b>
<b>Total comprehensive loss attributable to:</b>			
Rushinga Rural District Council		(92,540)	(49,158)

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.



## Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

### Statement of Changes in Equity

Figures in US Dollar	Revaluation reserve	Capital discharge	Total reserves	Accumulated deficit	Total equity
<b>Balance at January 01, 2012</b>	<b>774,539</b>	<b>6,691</b>	<b>781,230</b>	<b>(149,896)</b>	<b>631,334</b>
Total comprehensive deficit for the year	(5,586)	-	(5,586)	(49,158)	(54,744)
Contribution to capital outlay	-	53,408	53,408	(53,408)	-
Total changes	(5,586)	53,408	47,822	(102,566)	(54,744)
<b>Balance at January 01, 2013</b>	<b>768,953</b>	<b>60,099</b>	<b>829,052</b>	<b>(252,462)</b>	<b>576,590</b>
Total comprehensive deficit for the year	-	-	-	(92,540)	(92,540)
Contribution to capital outlay	-	6,132	6,132	(6,132)	-
Total changes	-	6,132	6,132	(98,672)	(92,540)
<b>Balance at December 31, 2013</b>	<b>768,953</b>	<b>66,231</b>	<b>835,184</b>	<b>(351,134)</b>	<b>484,050</b>
Note(s)		14			

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.



## Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

### Statement of Cash Flows

Figures in US Dollar	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	1,839	50,370
Finance costs		(4,000)	-
<b>Net cash from operating activities</b>		<b>(2,161)</b>	<b>50,370</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(6,132)	(53,408)
<b>Cash flows from financing activities</b>			
PSIP loan received during the year		400,000	-
<b>Total cash movement for the year</b>		<b>391,707</b>	<b>(3,038)</b>
Cash at the beginning of the year		11,466	14,504
<b>Total cash at end of the year</b>	5	<b>403,173</b>	<b>11,466</b>

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.



Financial Statements for the year ended December 31, 2013

## Accounting Policies

### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Rural District Councils Act. The financial statements have been prepared on the historical cost convention basis with the exception of property, plant and equipment which is at revalued amounts and financial instruments which are valued at fair value, and incorporate the principal accounting policies set out below. They are presented in US Dollars.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, the Councillors are required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

##### Trade receivables.

The Council assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Council makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

##### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

##### Impairment testing

The Council reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand together with other economic factors

#### 1.2 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The council revalues assets as it deems necessary to ensure that the assets approximate their fair values. The profit or loss on revaluation is transferred to revaluation reserve through other comprehensive income.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

No depreciation is charged on property, plant and equipment contrary to the International Financial Reporting Standards. The council did not transfer a portion of its income to a funded replacement reserve, contrary to the requirements of the Rural District Councils Act.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.





Financial Statements for the year ended December 31, 2013

## Accounting Policies

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### 1.3 Financial instruments

#### Classification

The Council classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the Council becomes a party to the contractual provisions of the instruments.

The Council classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

#### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.



Financial Statements for the year ended December 31, 2013

## Accounting Policies

### 1.3 Financial instruments (continued)

#### 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.

#### 1.4 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.5 Impairment of assets

The Council 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 Council estimates the recoverable amount of the asset.

The recoverable amount of an asset 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 is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.6 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 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.



Financial Statements for the year ended December 31, 2013

## Accounting Policies

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### 1.6 Employee benefits (continued)

#### Defined contribution plans

All eligible employees are members of defined contribution funds to which the employer and employee contribute. The Council contributions are accounted for when due.

### 1.7 Provisions and contingencies

Provisions are recognised when:

- the Council 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.

### 1.8 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Council has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Council retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Council; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Council;

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

Revenue from leases, fees, rentals and levies is recognised on a time basis and when it is probable that the residents of Rushinga Rural District will pay their dues.

Interest is recognised, in profit or loss, using the effective interest rate method.





Financial Statements for the year ended December 31, 2013

## Accounting Policies

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### 1.9 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US 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.

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 US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.



Assets

Rushinga Rural District Council

Financial Statements for the year ended December 31, 2013

**Notes to the Financial Statements**

Figures in US Dollar

2013

2012

**2. Property, plant and equipment**

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	718,658	-	718,658	718,658	-	718,658
Furniture and fixtures	37,868	-	37,868	37,853	-	37,853
Motor vehicles	55,775	-	55,775	55,775	-	55,775
Office equipment	13,713	-	13,713	12,346	-	12,346
Computer equipment	3,650	-	3,650	3,650	-	3,650
Fencing	4,750	-	4,750	-	-	-
Tools and equipment	770	-	770	770	-	770
<b>Total</b>	<b>835,184</b>	<b>-</b>	<b>835,184</b>	<b>829,052</b>	<b>-</b>	<b>829,052</b>

**Reconciliation of property, plant and equipment - 2013**

	Opening balance	Additions	Total
Buildings	718,658	-	718,658
Furniture and fixtures	37,853	15	37,868
Motor vehicles	55,775	-	55,775
Office equipment	12,346	1,367	13,713
Computer equipment	3,650	-	3,650
Fencing	-	4,750	4,750
Tools and equipment	770	-	770
	<b>829,052</b>	<b>6,132</b>	<b>835,184</b>

**Reconciliation of property, plant and equipment - 2012**

	Opening balance	Additions	Revaluations	Total
Buildings	718,343	315	-	718,658
Furniture and fixtures	31,427	11,967	(5,541)	37,853
Motor vehicles	31,460	24,360	(45)	55,775
Office equipment	-	12,346	-	12,346
Computer equipment	-	3,650	-	3,650
Tools and equipment	-	770	-	770
	<b>781,230</b>	<b>53,408</b>	<b>(5,586)</b>	<b>829,052</b>

**3. Inventories**

Beerhall stocks	1,970	9,037
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**4. Trade and other receivables**

Trade receivables	680,985	1,358,502
Provision for bad debts	(674,179)	(1,326,168)
	<b>6,806</b>	<b>32,334</b>

The fair value of trade and other receivables classified as loans and receivables are not materially different to their carrying values.



Financial Statements for the year ended December 31, 2013

## Notes to the Financial Statements

Figures in US Dollar

2013

2012

### 4. Trade and other receivables (continued)

During the year, the Ministry of Local Government, Public Works and National Housing directed that all debts in respect of rentals, unit tax, levies, licences and refuse charges owed by individual rate payers as from February 2009 to the 30th of June 2013 be written off. Consequently, Council debts amounting to \$862,834 were written off.

#### Trade and other receivables past due but not impaired

At December 31, 2013, \$ - (2012: \$ -) were past due but not impaired.

The movement in provision for impairment is as follows:

#### Balance as at 1 January 2013

Movement during the year

1,326,168	1,141,106
(651,989)	185,062
<b>674,179</b>	<b>1,326,168</b>

#### Bad debts

Increase (decrease) in provision

Bad debts written off due to Ministry directive

(651,989)	185,062
862,834	-
<b>210,845</b>	<b>185,062</b>

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand  
Bank balances

576	-
402,597	11,466
<b>403,173</b>	<b>11,466</b>

### 6. PSIP loan for the Rehabilitation of Road, Waste Management, Water and Sewer Infrastructure

During the year, the Council received a loan amounting to \$400,000 from the Ministry of Local Government, Public Works and National Housing for the provision of finance for the rehabilitation of road, waste management, water and sewer infrastructure. Of the amount received, \$396,863 had not been utilised at year end. Interest on the loan accrues at a rate of 5% per annum.

Loan received  
Interest accrued

400,000	-
20,000	-
<b>420,000</b>	<b>-</b>

PSIP loan received  
Amount utilised during the year

400,000	-
(3,137)	-
<b>396,863</b>	<b>-</b>





Financial Statements for the year ended December 31, 2013

**Notes to the Financial Statements**

Figures in US Dollar

2013

2012

**7. Trade and other payables**

UCPIF	151,581	101,251
Sundry accruals	-	4,021
Provision for leave pay	44,185	40,846
National Social Security Authority	12,004	1,556
National Employment Council	22,199	9,449
Zimbabwe Electricity Supply Authority	4,900	29,907
Zimbabwe National Water Authority	16,573	16,213
ZIMDEF	4,350	3,659
Zimbabwe Rural District Councils Workers Union	18,401	17,167
Zimbabwe Revenue Authority	11,028	34,331
Provision for audit fees	7,241	6,400
Association of Rural District Councils	32,600	22,725
Salaries accrued	34,021	17,774
	<b>359,083</b>	<b>305,299</b>

**8. Revenue**

Sale of goods	162,988	152,082
Rental income	23,035	19,460
Sundry income	13,325	10,253
Fees	80,806	66,331
Permits	30,767	28,788
Interest received	70	180
Licences	30,325	21,493
Levies	250,404	224,096
Leases	201,448	195,626
	<b>793,168</b>	<b>718,309</b>

**9. Cost of sales**

<b>Sale of goods</b>		
Cost of goods sold	125,558	133,743



Financial Statements for the year ended December 31, 2013

**Notes to the Financial Statements**

Figures in US Dollar

2013

2012

**10. Operating expense****The following items are included within operating expenses:**

Advertising	1,341	825
Auditors remuneration	8,082	7,041
Bad debts	210,845	185,062
Bank charges	3,092	4,037
Cleaning	1,932	2,035
Commission paid	3,994	2,695
Computer expenses	995	732
ZILGA subscriptions	9,875	22,725
Donations	3,352	2,983
Employee costs	431,660	341,769
Licences paid	1,150	879
Protective clothing	1,131	986
General expenses	2,387	1,687
Penalties paid	300	-
Asset revaluation costs	-	3,060
Learning tours	5,130	-
Surveyors and engineers	310	-
Communication costs	1,878	986
Belina licence	733	-
Stand pegging costs	2,405	-
Petrol and oil	31,290	24,788
Printing and stationery	9,189	3,546
Repairs and maintenance	2,750	3,638
Transport and freight	16,916	14,917
Utilities	5,413	9,333
	<b>756,150</b>	<b>633,724</b>

**11. Cash generated from operations**

Deficit for the year	(92,540)	(49,158)
<b>Adjustments for:</b>		
Finance costs	4,000	-
Movements in provisions	4,000	-
<b>Changes in working capital:</b>		
Inventories	7,067	(248)
Trade and other receivables	25,528	5,908
Trade and other payables	53,784	93,868
	<b>1,839</b>	<b>50,370</b>

**12. Commitments****Authorised capital expenditure**

The council did not have any capital commitments as at 31 December 2013 due to cash flow problems.

**13. Related parties****Compensation to key management**

Mr Munyede	21,740	14,904
Mr Chimwere	13,310	10,848
Mr Jonasi	11,979	10,212
Mr Sumbureru	-	9,936
Mr Mukototsi	9,096	8,400
Mr Mwakasa	16,608	-



Financial Statements for the year ended December 31, 2013

## Notes to the Financial Statements

Figures in US Dollar	2013	2012
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### 14. Stand sales

The Council sold stands to the District residents during the year. However, only stand allocation fees were paid by the purchasers of the land. This is because the valuation of land has not been done and therefore the actual consideration for the stands has not been determined. In the mean time, Council residents will be paying leases every quarter which will be netted off against the value of the stand once the land has been valued.

To date, the Council has received very minimal amounts and therefore there is no deferred income that has been recorded in the books of the Council.

The correction of the error(s) results in adjustments as follows:

### 15. Contingent liabilities

During the year 2013, Council employees obtained bank loans valued at \$70,000 from Agribank Rushinga with the council as the guarantor. In the event that the employees fail to service their loans, the liability will fall on the Council. The liability for the council will be limited to what has not been serviced by the employees as at the date when the bank will require full settlement of the loans.

### 16. Risk management

#### Financial risk management

The Council's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The Council's overall risk management program seeks to minimise potential adverse effects on the Council's financial performance. Risk management is carried out under policies overseen by the council.

#### Liquidity risk

The Council's risk to liquidity is a result of the funds available to cover future commitments. The Council manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The Council only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

### 17. 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 council continues to make losses. In 2013 it made a deficit of \$92,540 (\$51,914-2012). The council has put in place the following measures to turn the council to positive results:

1. The Council is under going a job evaluation process which will result in Council employees who do not have the adequate qualifications and skills being retrenched. This will also result in the Council cutting down heavily on the payroll costs.
2. Beerhalls were closed during the year as they were not making any profits for the Council. The Council is now getting income from leasing out the buildings.
3. The Council is now holding cattle auctions which will prevent cattle sales in the district being done on the side markets. The Council in turn will be getting auction income
4. There are prospective companies who are planning on carrying out mining operations in the District. One of the companies intends on mining Manganese.

The Councillors are confident the initiatives will bear positive results.



Financial Statements for the year ended December 31, 2013

## Notes to the Financial Statements

Figures in US Dollar

2013

2012

### 18. Events after the reporting period

There were no events that happened after the reporting period.





Financial Statements for the year ended December 31, 2013

**Detailed Income Statement**

Figures in US Dollar

	Note(s)	2013	2012
<b>Revenue</b>			
Sale of goods-gross profit		162,988	152,082
Fees		23,035	19,460
Construction contracts		13,325	10,253
Levies		80,806	66,331
Permits		30,767	28,788
Leases		201,448	195,626
Interest received (trading)		70	180
Licences		30,325	21,493
Other Council income		250,404	224,096
	8	<b>793,168</b>	<b>718,309</b>
<b>Cost of sales</b>			
	9	<b>(125,558)</b>	<b>(133,743)</b>
		<b>667,610</b>	<b>584,566</b>
<b>Expenses (Refer to page 22)</b>			
		<b>(756,150)</b>	<b>(633,724)</b>
<b>Operating deficit</b>			
		<b>(88,540)</b>	<b>(49,158)</b>
Finance costs		(4,000)	-
<b>Deficit for the year</b>			
		<b>(92,540)</b>	<b>(49,158)</b>

The supplementary information presented does not form part of the financial statements and is unaudited



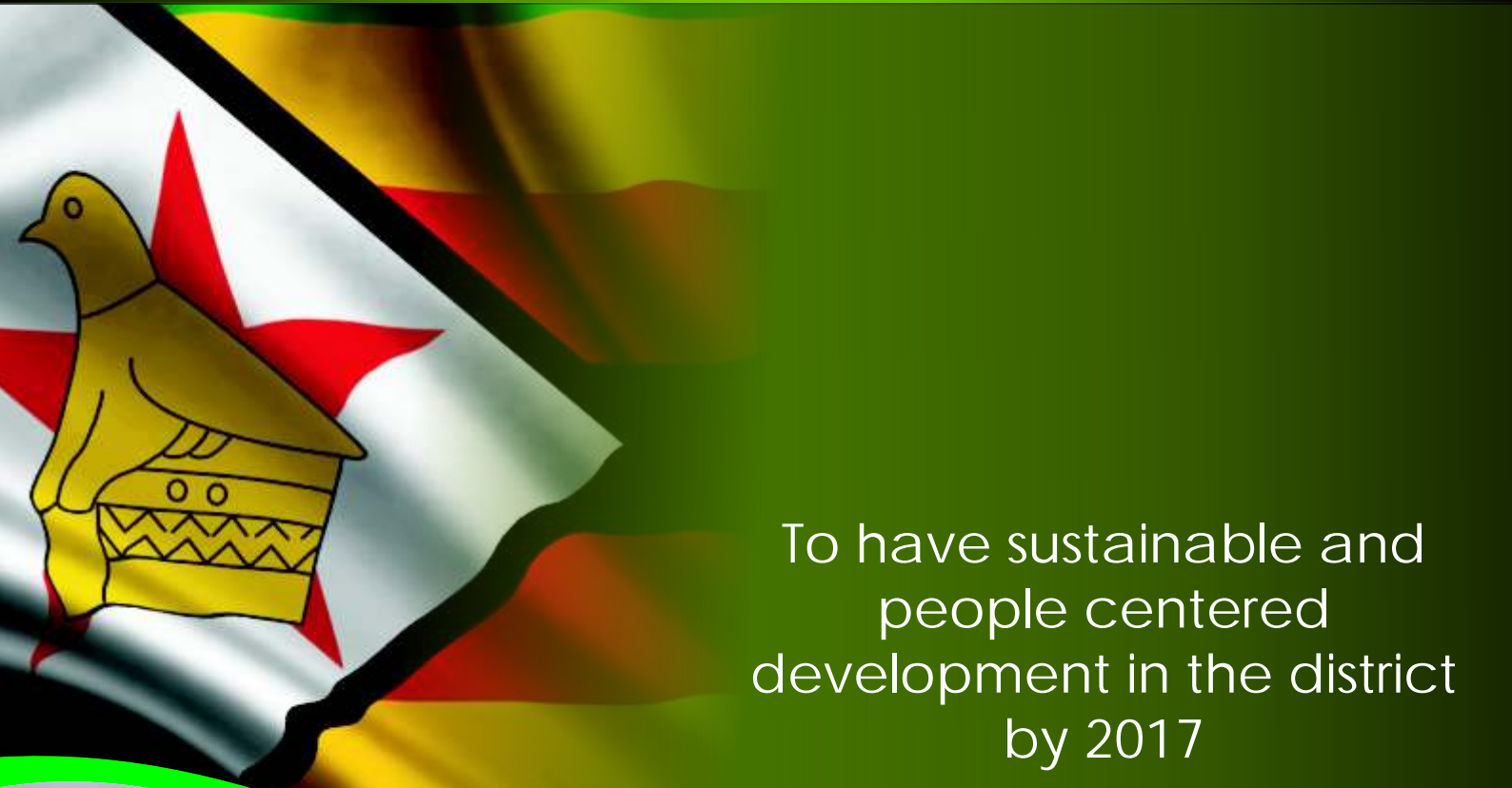
Financial Statements for the year ended December 31, 2013

## Detailed Income Statement

Figures in US Dollar	Note(s)	2013	2012
<b>Operating expenses</b>			
Advertising		(1,341)	(825)
Auditors remuneration		(8,082)	(7,041)
Bad debts-provision		(210,845)	(185,062)
Bank charges		(3,092)	(4,037)
Cleaning		(1,932)	(2,035)
Commission paid		(3,994)	(2,695)
Computer expenses		(995)	(732)
ZILGA subscriptions		(9,875)	(22,725)
Donations		(3,352)	(2,983)
Employee costs		(431,660)	(341,769)
Licences paid		(1,150)	(879)
Protective clothing		(1,131)	(986)
Bellina licence		(733)	-
General expenses		(2,387)	(1,687)
Penalties paid		(300)	-
Asset revaluation costs		-	(3,060)
Learning tours		(5,130)	-
Surveyors and engineers		(310)	-
Communication costs		(1,878)	(986)
Stand pegging costs		(2,405)	-
Petrol and oil		(31,290)	(24,788)
Printing and stationery		(9,189)	(3,546)
Repairs and maintenance		(2,750)	(3,638)
Transport and freight		(16,916)	(14,917)
Utilities		(5,413)	(9,333)
		<b>(756,150)</b>	<b>(633,724)</b>

The accounting policies on pages 10 to 14 and the notes on pages 15 to 20 form an integral part of the financial statements.

The supplementary information presented does not form part of the financial statements and is unaudited



To have sustainable and  
people centered  
development in the district  
by 2017

