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Ref:

REPORT OF THE AUDITOR-GENERAL
TO
THE MINISTER OF
LOCAL GOVERNMENT AND PUBLIC WORKS
AND THE COUNCILLORS
IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF
CITY OF MUTARE
FOR THE YEAR ENDED DECEMBER 31, 2022.

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of City of Mutare and its subsidiary ("the Group") as set out on pages 7 to 35, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of financial performance, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of City of Mutare and its subsidiary ("the Group") as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Report of The Auditor General
in respect of the Consolidated financial statements of City of Mutare
for the year ended December 31, 2022

Basis for Adverse Opinion

**i. Non Compliance with International Public Sector Accounting Standard (IPSAS) 35-
“Consolidated Financial Statements”**

The Council controls six (6) schools within its jurisdiction. The Council did not consolidate these schools in its financial statements. I was not availed with the financial statements of the schools to enable me to determine the extent of the misstatements. IPSAS 35 - “Consolidated financial statements”, paragraph 5 requires an entity that is a controlling entity to present consolidated financial statements. Had the Council consolidated the schools, the financial statements would have been materially different.

**ii. Non Compliance with International Public Sector Accounting Standard (IPSAS) 17-
“Property, Plant and Equipment”**

The subsidiary (Pungwe Breweries and Marketing (Private) Limited) did not separately disclose the value of land on which buildings were constructed. This was contrary to IPSAS 17 - “Property, plant and equipment” paragraph 74 which prohibits the depreciation of land. As a result, land was depreciated. Had the subsidiary separated land from buildings and not depreciated land, the carrying amount of land and the depreciation expense would have been materially different.

iii. Non Compliance with International Accounting Standard (IAS) 12 - “Income Taxes”

The subsidiary did not account for deferred tax. This was contrary to International Accounting Standard (IAS) 12 - “Income Taxes” paragraph 58 which requires current and deferred tax to be recognized as income or expenses and included in the profit or loss for the period. The asset register availed for audit had missing information resulting in the subsidiary not determining tax bases of the assets. Had the subsidiary recognized the deferred tax, the financial statements would have been materially different.

Qualified Opinion on City of Mutare Financial Statements

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects the financial position of Mutare City Council as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

**Report of The Auditor General
in respect of the Consolidated financial statements of City of Mutare
for the year ended December 31, 2022**

Basis for Qualified Opinion

**Non Compliance with International Public Sector Accounting Standard (IPSAS) 34-
“Separate Financial Statements”**

The Council controls six (6) schools within its jurisdiction. The Council did not account for investment in schools in the financial statements. This was contrary to IPSAS 34 - “Separate financial statements”, paragraph 12 which requires a controlling entity to account for investments in controlled entities. Had the Council accounted for results of schools in its financial statements, the financial statements would have been materially different.

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Zimbabwe, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement were of most significance in my audit of the financial statements of Mutare City Council for the year ended December 31, 2022. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon and I do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p>Valuation of receivables and allowance for credit losses. (Refer to note 7 of the financial statements).</p> <p>Management has estimated the recoverable amount of the accounts receivable to be ZWL\$ 4.1 billion as at December 31, 2022 after providing an allowance for credit losses of ZWL\$ 1.2 billion.</p> <p>With significant accounts receivables overdue for payment and the prevalent of economic challenges, there is likelihood</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to valuation of receivables and allowances for credit losses included:</p> <p>Assessed the recoverability of material long outstanding receivables based on the rate of collection in current year against prior year.</p> <p>Analysed the debtors’ age analysis for the long outstanding amounts and reasonability of provision for irrecoverable amounts.</p> <p>Evaluated the reasonability of management judgements and assumptions made in</p>

**Report of The Auditor General
in respect of the Consolidated financial statements of City of Mutare
for the year ended December 31, 2022**

<p>that the full amount may not be recoverable.</p> <p>I considered the impairment of accounts receivables as a key audit matter as the estimation of recoverability of receivables and the determination of allowances for credit losses requires significant management judgement.</p>	<p>estimating the allowance for credit losses considering the nature and suitability of historic data used to support these.</p> <p>Assessed the appropriateness and adequacy of impairment disclosures made in the financial statements.</p> <p>Based on these procedures, I found the calculation of allowance for credit losses to be reasonable.</p>
<p>Revenue Recognition: (Refer to notes 3.1 and 13 of the financial statements).</p> <p>The Council has a number of revenue streams which are calculated on different basis. The total revenue recognized during the year was ZWL\$ 23.4 billion.</p> <p>The huge volume of transactions from numerous revenue streams results in revenue recognition being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit.</p>	<p>The audit procedures to address the risk of material misstatement relating to revenue recognition included:</p> <p>Conducted substantive analytical procedures on revenue.</p> <p>Scrutinized manual journals related to revenue to assess the timing and fair values of revenue recorded.</p> <p>Evaluated the adequacy of the disclosures regarding revenue.</p> <p>Based on the transactions tested, I found no material errors in the computation and recognition of revenue.</p>

Other information

Management is responsible for the other information. The other information comprises the Mayor's statement, Town Clerk's report and Corporate Governance report, as required by the Public Finance Management Act [Chapter 22:19] but does not include the financial statements and my auditor's report thereon.

My opinion on the Council's financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the Council's financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report of The Auditor General
in respect of the Consolidated financial statements of City of Mutare
for the year ended December 31, 2022

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

The Council's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs), and in the manner required by the Urban Councils Act [Chapter 29:15] for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or,

**Report of The Auditor General
in respect of the Consolidated financial statements of City of Mutare
for the year ended December 31, 2022**

if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Council 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements.

I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Urban Councils Act [Chapter 29:15], the Public Finance Management Act [Chapter 22:19] and other relevant Statutory Instruments.

03 May, 2024.

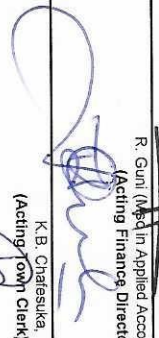



**R. KUJINGA,
ACTING AUDITOR – GENERAL.**

MUTARE CITY COUNCIL
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at December 31, 2022

	GROUP				CITY OF MUTARE			
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
ASSETS								
Current assets								
Cash and cash equivalents	5 126 703 670	3 981 665 330	4 868 620 700	1 053 853 459	5 114 545 674	4 402 392 579	4 860 715 039	1 062 196 886
Inventories	430 606 212	488 664 270	430 606 212	142 053 567	429 775 970	480 739 715	429 775 970	139 749 517
Receivables	572 818 299	1 585 407 832	314 735 329	357 266 977	563 380 192	1 975 579 025	309 549 565	356 727 810
	4 123 279 159	1 907 593 228	4 123 279 159	554 532 915	4 121 389 513	1 946 073 839	4 121 389 513	565 719 139
Non current assets								
Property, plant and equipment	38 065 460 652	37 546 466 191	10 492 690 255	9 911 643 446	36 675 271 085	35 974 975 229	10 113 321 002	9 481 558 351
Investment property	37 143 813 580	36 291 480 791	10 224 770 177	9 629 888 261	36 500 864 616	35 341 573 890	10 004 176 876	9 367 192 960
Investment in subsidiary	921 645 072	1 254 985 399	267 920 078	281 655 185	144 806 176	469 573 845	79 563 833	84 785 108
	-	-	-	-	29 580 293	163 827 495	29 580 293	29 580 293
Total assets	43 192 164 321	41 528 131 521	15 361 310 955	10 965 496 905	41 789 816 760	40 377 367 808	14 974 036 041	10 543 755 227
RESERVES AND LIABILITIES								
Liabilities								
Current liabilities								
Payables	3 988 710 015	1 544 156 027	1 691 759 949	448 882 566	1 640 553 557	1 488 977 158	1 640 553 557	432 842 197
Deferred income	730 689 190	665 122 904	730 689 190	193 640 379	693 905 179	616 849 984	693 905 179	179 316 859
Provisions	19 697 781	58 703 266	19 697 781	17 064 903	19 697 781	58 703 266	19 697 781	17 064 903
	3 238 323 044	819 329 857	941 372 978	238 177 284	926 950 597	813 423 897	926 950 597	236 460 435
Non current liabilities								
Loans	115 946 190	9 790 285	115 946 190	2 846 013	115 946 190	-	115 946 190	-
Total liabilities	4 104 656 205	9 790 285	1 807 706 139	451 728 579	1 756 499 747	1 488 977 158	1 756 499 747	432 842 197
Net assets	39 087 508 116	41 518 341 236	13 553 604 815	10 513 768 325	40 033 317 014	38 888 390 649	13 217 536 296	10 110 913 030
Reserves								
Revaluation reserve	37 042 293 219	37 042 293 219	9 795 389 314	9 795 389 314	16 691 975 265	35 498 312 326	9 373 707 006	9 373 707 006
Capital reserve	177 229	177 229	32 000	32 000	58 240	58 240	32 000	32 000
Estate funds	1 582 931 635	1 900 794 222	250 800 855	343 202 770	624 629 041	624 629 041	250 800 855	343 202 770
Accumulated surplus	462 105 033	2 575 076 566	3 507 382 646	375 144 241	22 516 654 467	2 765 391 042	3 592 996 435	393 971 254
Total reserves	39 087 508 116	41 518 341 236	13 553 604 815	10 513 768 325	40 033 317 014	38 888 390 649	13 217 536 296	10 110 913 030

02/05, 2024.
 02/05, 2024.
 02/05, 2024.

R. Guni (MScd in Applied Accounting),
 (Acting Finance Director).

 K.B. Chatsuka,
 (Acting Town Clerk).

 S. Chablika,
 (Mayor).

MUTARE CITY COUNCIL
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
as at December 31, 2022

GROUP	Revaluation		Capital reserve		Estate funds		Accumulated fund		Total reserves	
	Note	ZWL\$	Note	ZWL\$	Note	ZWL\$	Note	ZWL\$	Note	ZWL\$
Inflation adjusted										
Balance as at January 01, 2021		8 831 652 307		1 777 229		-		1 232 593 149		10 064 422 685
Surplus for the year		-		-		-		1 551 338 380		1 551 338 380
Revaluation surplus		24 456 713 076		-		-		-		24 456 713 076
Stands inventory		-		-		1 900 794 222		-		1 900 794 222
Prior period error		3 753 927 836		-		-		(208 854 853)		3 545 072 983
Total recognised revenue and expense for the period		28 210 640 912		-		1 900 794 222		1 342 483 415		31 453 918 662
Balance as at December 31, 2021		37 042 293 219		1 777 229		1 900 794 222		2 575 076 566		41 518 341 236
Balance as at January 01, 2022		37 042 293 219		1 777 229		1 900 794 222		2 575 076 566		41 518 341 236
Deficit for the year		-		-		-		(2 112 970 532)		(2 112 970 532)
Derecognition of stands sold		-		-		(317 862 588)		-		(317 862 588)
Total recognised revenue and expense for the period		-		-		(317 862 588)		(2 112 970 532)		(2430 833 120)
Balance as at December 31, 2022		37 042 293 219		1 777 229		1 582 931 635		462 106 033		39 087 508 116
Historical cost										
Balance as at January 01, 2021		1 594 621 607		32 000		-		222 554 014		1 817 207 621
Surplus for the year		-		-		-		213 303 847		213 303 847
Revaluation surplus		7 109 509 615		-		-		-		7 109 509 615
Stands inventory		-		-		343 202 770		-		343 202 770
Prior period error		1 091 258 092		-		-		(60 713 620)		1 030 544 472
Total recognised revenue and expense for the period		8 200 767 707		-		343 202 770		152 590 227		8 696 560 704
Balance as at December 31, 2021		9 795 389 314		32 000		343 202 770		375 144 241		10 513 768 325
Balance as at January 01, 2022		9 795 389 314		32 000		343 202 770		375 144 241		10 513 768 325
Surplus for the year		-		-		-		3 132 238 405		3 132 238 405
Derecognition of stands sold		-		-		(92 401 915)		-		(92 401 915)
Total recognised revenue and expense for the period		-		-		(92 401 915)		3 132 238 405		3 039 836 490
Balance as at December 31, 2022		9 795 389 314		32 000		250 800 855		3 507 382 646		13 553 604 815

MUTARE CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS
as at December 31, 2022

CITY OF MUTARE

Inflation adjusted

	Revaluation reserve		Capital reserve		Estate funds		Accumulated fund		Total reserves	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance as at January 01, 2021	8 585 154 016	177 229	-	-	-	-	1 198 079 468	-	9 783 410 712	-
Deficit for the year	-	-	-	-	-	-	1 776 166 427	-	1 776 166 427	-
Revaluation surplus	23 159 230 474	-	-	-	-	-	-	-	23 159 230 474	-
Stands inventory	-	-	-	-	1 900 794 222	-	-	-	1 900 794 222	-
Prior period error	3 753 927 836	-	-	-	-	-	(208 854 853)	-	3 545 072 984	-
Total recognised revenue and expense for the period	26 913 158 310	-	177 229	-	1 900 794 222	-	1 567 311 574	-	30 381 264 107	-
Balance as at December 31, 2021	35 498 312 326	-	177 229	-	1 900 794 222	-	2 765 391 042	-	40 164 674 819	-
Balance as at January 01, 2022	17 060 146 751	-	58 240	-	624 629 041	-	717 027 684	-	18 401 861 717	-
Surplus for the year	-	-	-	-	-	-	21 799 626 782	-	21 799 626 782	-
Revaluation loss	(168 171 485)	-	-	-	-	-	-	-	(168 171 485)	-
Total recognised revenue and expense for the period	(168 171 485)	-	-	-	-	-	21 799 626 782	-	21 631 455 296	-
Balance as at December 31, 2022	16 891 975 266	-	58 240	-	624 629 041	-	22 516 654 467	-	40 033 317 014	-

Historical cost	Revaluation reserve		Capital reserve		Estate funds		Accumulated fund		Total reserves	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance as at January 01, 2021	1 550 114 474	32 000	-	-	-	-	216 322 308	-	1 766 468 782	-
Surplus for the year	-	-	-	-	-	-	238 362 566	-	238 362 566	-
Revaluation surplus	6 732 334 440	-	-	-	-	-	-	-	6 732 334 440	-
Stands inventory	-	-	-	-	343 202 770	-	-	-	343 202 770	-
Prior period error	1 091 258 092	-	-	-	-	-	(60 713 620)	-	1 030 544 472	-
Total recognised revenue and expense for the period	7 823 592 532	-	-	-	343 202 770	-	177 648 946	-	8 344 444 249	-
Balance as at December 31, 2021	9 373 707 006	32 000	343 202 770	-	393 971 254	-	10 110 913 031	-	10 110 913 031	-
Balance as at January 01, 2022	9 373 707 006	32 000	343 202 770	-	393 971 254	-	10 110 913 031	-	10 110 913 031	-
Surplus for the year	-	-	-	-	-	-	3 199 025 181	-	3 199 025 181	-
Revaluation loss	-	-	-	-	(92 401 915)	-	-	-	(92 401 915)	-
Total recognised revenue and expense for the period	-	-	-	-	(92 401 915)	-	3 199 025 181	-	3 106 623 266	-
Balance as at December 31, 2022	9 373 707 006	32 000	250 800 855	-	3 592 996 435	-	13 217 536 297	-	13 217 536 297	-

MUTARE CITY COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2022

	GROUP				CITY OF MUTARE			
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost	
Note	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
Cash flows from operating activities								
Surplus/(deficit) for the year	(2 112 970 532)	1 551 338 380	3 132 238 405	213 303 846	21 799 626 782	1776 166 427	3 199 025 181	238 362 566
Adjustments for non - cash movements	11 808 362 399	1 324 884 918	(2 104 017 039)	109 747 559	(18 803 624 694)	1523 644 324	(2 156 299 675)	71 871 559
Deficit on net monetary position	10 007 397 741	732 214 598	-	-	(15 892 181 038)	-	-	-
Loan interest	115 907 790	5 934 974	145 907 790	1 725 283	122 688 416	422 048 152	115 907 790	76 203 986
Depreciation	536 001 192	567 825 151	155 814 300	102 525 125	-	-	121 975 310	-
Changes in working capital								
Increase in payables	64 566 286	315 055 620	537 048 811	91 585 936	77 055 184	326 745 795	514 588 320	89 666 791
Increase in provisions	2 418 993 187	572 552 902	703 195 694	166 439 797	113 526 701	342 996 868	690 490 162	164 869 479
Increase in receivables	(2 215 685 931)	(893 813 040)	(3 568 746 244)	(259 829 372)	(2 175 315 675)	(1 450 582 609)	(3 555 670 374)	(265 574 063)
(Increase)/decrease in inventories	920 187 619	(33 588 553)	(49 870 268)	(9 764 113)	(1 068 996 062)	1 882 436 118	(45 223 661)	(10 358 537)
(Decrease)/increase in deferred income	(39 005 485)	58 703 266	2 632 878	17 064 903	19 697 781	-	2 632 878	17 064 903
Net cash flows from operating activities	(312 005 874)	2 876 223 298	1 028 221 366	323 051 405	2 996 102 089	3 299 810 751	1 043 726 606	310 234 124
Cash flows from investing activities								
Acquisition of property, plant and equipment	(1 341 087 220)	(1 037 889 682)	(736 861 110)	(242 632 975)	(1 371 803 071)	(161 789 427)	(753 737 951)	(234 095 081)
	(1 341 087 220)	(1 037 889 682)	(736 861 110)	(242 632 975)	(1 371 803 071)	(161 789 427)	(753 737 951)	(234 095 081)
Cash flows from financing activities								
Loan acquisition	(2 807 612)	(19 348 125)	(2 807 612)	(5 624 455)	38 400	(11 733 702)	38 400	(2 456 798)
Loan repayment	158 000 000	13 898 312	158 000 000	4 040 207	158 000 000	-	158 000 000	-
Interest paid	(43 550 844)	(31 951 948)	(43 550 844)	(9 288 357)	(42 053 810)	(11 733 702)	(42 053 810)	(2 456 798)
	(117 256 768)	(1 294 489)	(117 256 768)	(376 305)	(115 907 790)	-	(115 907 790)	-
Net increase in cash and cash equivalents	(1 655 900 707)	1 818 985 491	288 552 644	74 793 975	1 624 337 418	3 126 287 622	290 026 055	73 682 246
Effects of inflation	1 597 842 649	(1 561 694 219)	-	-	(2 235 299 331)	(2 661 110 617)	-	-
Cash and cash equivalents at the beginning of the year	488 664 270	231 372 996	142 053 567	67 259 592	1 040 737 883	15 562 710	139 749 917	66 067 670
Cash and cash equivalents at the end of the year	430 606 212	488 664 270	430 606 212	142 053 567	429 775 970	480 739 715	429 775 970	139 749 917

MUTARE CITY COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended December 31, 2022

Comparison of Budget and Actual amounts

	2022		
	Budgeted		Performance
	Amount	Actual amount	difference
	ZWL\$	ZWL\$	ZWL\$
Revenue			
Fees, penalties, licences and levies	1 130 617 062	4 357 258 462	(3 226 641 400)
Other income	1 049 622 151	411 524 682	638 097 469
Grants	166 500 000	483 373 391	(316 873 391)
Rental revenue from facilities and equipment	161 195 626	650 319 675	(489 124 049)
Sales	444 100 000	4 191 219 628	(3 747 119 628)
Rendering of services	1 103 485 990	3 201 751 132	(2 098 265 142)
Total	4 055 520 830	13 295 446 970	(9 239 926 140)
Expenditure			
Employment costs	1 989 132 364	4 313 857 424	(2 324 725 060)
Councillors' expenses	5 296 700	18 380 517	(13 083 817)
Depreciation and amortisation expenses	68 167 203	155 814 300	(87 647 097)
Repairs and maintenance	830 084 159	685 554 789	144 529 370
Finance costs	48 000	115 907 790	(115 859 790)
General expenses	716 393 261	4 873 693 745	(4 157 300 484)
Total	3 609 121 688	10 163 208 565	(6 554 086 877)
Surplus	—	3 132 238 405	—

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

1 General information

Mutare City Council was established under the Urban Councils Act [*Chapter 29:15*] and its principal activities are the provision of water, sewer, refuse, health and social services and provision of infrastructure. Pungwe Breweries & Marketing (Pvt) Ltd, a wholly owned subsidiary of Mutare City Council was established under the Companies and Other Business Entities Act [*Chapter 24:31*] and its principal activities are production and distribution of opaque beer.

Mutare City Council is located at Civic Centre No. 1 Queens Way, P O Box 910, Mutare and Pungwe Breweries & Marketing (Pvt) Ltd is located at 21 Bvumba Road, Mutare, Zimbabwe.

1. Basis of preparation

2.1 Statement of compliance

The financial statements for the year ended December 31, 2022 have been prepared in conformity with International Public Sector Accounting Standards (IPSASs).

2.2 Basis of measurement

The financial statements are presented in Zimbabwe dollars(ZWL\$). They are based on the historical cost convention and adjusted to take account of the effects of inflation in accordance with International Public Sector Accounting Standard (IPSAS) 10 (Financial Reporting in Hyperinflationary Economies). The adjusted amounts are presented side by side with the unadjusted figures from where they are derived. The inflation adjusted financial statements constitute the Council's primary financial statements whilst the historical cost financial statements are supplementary.

The economy in Zimbabwe is considered to be hyperinflationary. IPSAS 10 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date, and that corresponding figures be stated in terms of the same measuring unit.

Accordingly, these financial statements have been adjusted, to take account of the changes in the general purchasing power of the Zimbabwe dollar(ZWL\$) and, as a result, are stated in terms of the measuring unit current at the statement of financial position date. The adjustments are based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe National Statistics Agency (ZIMSTAT) and published on the Reserve Bank of Zimbabwe's website.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

The indices and conversion factors used to restate the accompanying financial statements as at December 31, 2022 are given below:

Dates	Indices	Conversion factors
December 31, 2022	13 672.91	1
Average	-	1.82
December 31, 2021	3 977.5	3.44

The indices have been applied to the historical costs of transactions and balances as follows:

All comparative figures have been restated by applying the change in the index from the previous reporting date to the current reporting date.

Statement of financial performance transactions have been restated by applying the change in the index from the transaction date to the current reporting date;

Gains and losses arising from the monetary assets or liability positions have been included in the Statement of financial performance;

Non-monetary assets and liabilities have been restated by applying the change in the index from the transaction date to current reporting date;

The net impact of applying the procedures above is shown in the Statement of financial performance as a gain or loss on net monetary position.

IPSAS 10 discourages the publication of historical results as a supplement to the inflation-adjusted results. However, historical results have been published to allow comparability of the results during the transitional phase in applying the Standard.

2.3 Functional and presentation currency

The financial statements are presented in ZWL\$, which is the functional and reporting currency of the Council.

2.4 Critical accounting judgments, estimates and assumptions

In preparing the financial statements, Council management is required to make judgments, estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgments include the following:

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

2.4.1 Useful lives of residual values of infrastructure, property, plant and equipment

The Council assesses useful lives and residual values of property, plant and equipment each year considering past experience and technological changes. The depreciation rates are set out in note 3.2.1 and no changes to these useful lives have been considered necessary during the year. Council management has set residual values for all classes of property, plant and equipment at zero.

2.4.2 Impairment and provisioning policies

At each statement of financial position date, the Council reviews the carrying amount of its assets to determine whether there is an indication that those assets suffered any impairment. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

In the event that, in the subsequent period, an asset that has been subject to an impairment loss is no longer considered to be impaired, the value is restored and the gain is recognized in the statement of comprehensive income. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place.

2.5 New standards and interpretations

2.5.1 New standards, interpretations and amendments not yet effective

The following are standards that have been issued by International Public Sector Accounting Standards Board (IPSASB) in May 2023 and their respective effective dates: Council did not opt for an earlier adoption of these new standards.

a. Amendments to International Public Sector Accounting Standard (IPSAS) 19 - "Collective and individual services"

The standard seeks to address transactions for collective and individual services. Collective and Individual Services (Amendments to IPSAS 19) forms part of the IPSASB's broader non-exchange expenses project. The purpose of the project on non-exchange expenses is to develop new or amended standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits.

The amendments were deferred to annual period beginning on or after January 1, 2023 Early adoption and application is permitted.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

b. Amendments to International Public Sector Accounting Standard (IPSAS) 36 - “Long term interest in associates and joint ventures”

Amendments to IPSAS 36 was to converge with narrow –scope amendments to IAS 28. Amendments were made to the standard by additions and deletion of some paragraphs as prescribed in Amendment: Part I.

The amendments were deferred to annual period beginning on or after January 1, 2023. Early adoption and application is permitted.

c. International Public Sector Accounting Standard (IPSAS) 41 – “Financial instruments”

The standard establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, (Financial Instruments: Recognition and Measurement). IPSAS 41 provides more useful information as compared to IPSAS 29 as it;

- Apply a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held.
- Apply a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.
- Apply an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard was deferred by a year to annual period beginning on or after January 1, 2023 due to covid 19. Early adoption and application is permitted.

d. International Public Sector Accounting Standard (IPSAS) 42 - “Social Benefits”

The standard provides guidance on accounting for social benefits expenditure. The definition as per standard is cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.

The standard seeks to improve the relevance, faithful representativeness and comparability of the information, that the Council provides in its financial statements about social benefits however it establishes principles and requirements for:

- Recognizing expenses and liabilities for social benefits;
- Measuring expenses and liabilities for social benefits;
- Presenting information about social benefits in the financial statements; and
- Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity.

The standard was deferred by a year to annual period beginning on or after January 1, 2023 due to covid 19. Early adoption and application is permitted.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

e. International Public Sector Accounting Standard (IPSAS) 43 - "Leases"

The standard is based on IFRS 16 - "Leases". The new standard introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases to lessees. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.

The standard is effective for the period beginning on or after January 1, 2025. Early adoption and application is permitted.

f. International Public Sector Accounting Standard (IPSAS) 44 - "Non - current assets held for sale"

The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance

The standard is effective for the period beginning on or after January 1, 2025. Early adoption and application is permitted.

g. International Public Sector Accounting Standard (IPSAS) 45 - "Property, plant and equipment"

The standard replaces IPSAS 17- Property, Plant, and Equipment. The new standard adds current operational value as a measurement basis in the updated current value model for assets within its scope. It further identifies the characteristics of heritage and infrastructure assets, and provides guidance on how these important types of public sector assets should be recognized and measured.

The standard is effective for the period beginning on or after January 1, 2025. Early adoption and application is permitted.

h. International Public Sector Accounting Standard (IPSAS) 46 - "Measurement"

The standard provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets.

The standard is effective for the period beginning on or after January 1, 2025. Early adoption and application is permitted.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

i. International Public Sector Accounting Standard (IPSAS) 47- “Revenue”

The standard is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transaction

The standard is effective for the period beginning on or after January 1, 2026. Early adoption and application is permitted.

The Council did not opt for an earlier adoption for the above standards

2.6 Going concern

The Council’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue with its mandate for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Council’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3 Accounting policies

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2021.

3.1 Revenue recognition

3.1.1 Revenue from exchange transactions

Council recognized revenue from exchange transactions on sale of water, stands and opaque beer. Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Transactions that do not generate revenue but are incidental to the main revenue generating activities are presented by netting any revenue with related expenses arising on the same transaction.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

Sale of goods

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

- the Council has transferred to the purchaser 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 or service potential 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.

Stand sales

The housing policy prescribes that stands are deemed sold when the purchaser has met a number of conditions which include;

- Where a deposit is paid prior to the issue of offer letter, a stand is deemed sold when the purchaser is issued with an offer letter and pays subsequent instalments for land
- Where an offer letter is issued prior to the payment of any amount to the Council, a stand is deemed sold when the purchaser pays the required deposit within the stipulated period and agrees to pay subsequent instalments remaining to settle the full purchase price.

Stand sales are therefore revised from being recognized at the point of payment of full purchase price for the stand, to being recognized when the purchaser fulfills the conditions set above.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the reporting date. 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 or service potential associated with the transaction will flow to the Council;
- the stage of completion of the transaction at the reporting date can be measured reliably; and;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Rental income

The Council leases certain properties to tenants. These leases have been determined to be operating leases based on an evaluation of whether the leases transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The rental income arising from such is recognized when it accrues to the Council at the end of each month.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

Beer sales

The Subsidiary's main activities throughout the year were the manufacture and distribution of beer products. Revenue from the sale of beer is recognized when the following conditions have been satisfied:

- the subsidiary has transferred to the purchaser the significant risks and rewards of ownership of the goods
- the subsidiary 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 or service potential associated with the transaction will flow to the company
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

3.1.2 Revenue from non-exchange transactions

Non- exchange transactions involve collection of fees, taxes, penalties, fines and licenses. Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Fees, taxes, fines, penalties and licenses

The Council recognizes revenues from fees, taxes, penalties and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Revenue from other government entities

Revenues from other government entities includes grants and donations. The grants and donations are recognized at fair value on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

Government grants

Government grants are recognized as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by reducing the grant in arriving at the carrying amount of the assets.

Donations

Donations are recognized as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Council;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the donation.

If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Property, plant and equipment is tangible non-current assets (including infrastructure assets) that is held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one period. For Pungwe Breweries Property, plant and equipment are tangible items that:

- Are held for use in the production or supply of opaque beer and for leasing
- Are expected to be used during more than one period.

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Council; and
- the cost of the item can be measured reliably.

Initial measurement

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Property, plant and equipment is subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

Depreciation

Property, plant and equipment is depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Land have an unlimited useful life and therefore not depreciated.

Item	Average useful life
Buildings	50 years
Sewer and water reticulation	25 years
Plant	25 years
Furniture and equipment	10 years
Roads and Culverts	10 years
Motor vehicles	5 years
Equipment	10 years
Computers and printers	3 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date.

De-recognition

The Council derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use.

3.2.2 Impairment of property, plant and equipment

An impairment loss on property, plant and equipment is recognized when test for impairment indicate that the recoverable amount of an asset is lower than its carrying amount. The following factors are considered in assessing whether there is any indication that an asset may be impaired:

- Cessation, or near cessation of demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on Council have taken place during the period, or will take place in the near future, in the technological, legal or government policy environment in which Council operates;
- Evidence is available of physical damage of an asset;
- Significant long-term changes with adverse effect on Council have taken place during the period, or are expected to take place in the near future, in the extent to which or manner in which, an asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which the asset belongs, or plans

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

to dispose of an asset before the previously expected date and reassessing the useful life of an asset as finite rather than indefinite;

- A decision to halt the construction of the asset before it is completed or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

3.3 Investment property

Classification

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or
- administrative purposes, or
- sale in the ordinary course of operations.

Recognition

Investment property is recognized as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Council, and the cost or fair value of the investment property can be measured reliably.

Initial measurement

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement.

Subsequent measurement

Investment property is subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses.

3.4 Financial instruments

Financial assets and financial liabilities are recognized when the Council becomes a party to the contractual provisions of the financial instrument.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into either amortized cost or fair value through surplus or deficit. The classification is determined by both:

- the Council's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognized in profit or loss are presented within finance income or finance costs except for impairment of trade receivables which is presented within general expenses.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

Subsequent measurement of financial assets

The Council subsequently measures its financial assets as either amortized cost or fair value through surplus or deficit depending on the Council's business model for such financial assets.

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method.

Financial assets at fair value through surplus or deficit

Financial assets held within a business model whose contractual cash flows are not solely payments of principal and interest were subsequently measured at fair value through surplus or deficit.

Classification and measurement of financial liabilities

The Council's financial liabilities include borrowings and payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Council designated a financial liability at fair value through surplus or deficit.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for financial liabilities designated at fair value through surplus or deficit, which are carried subsequently at fair value with gains or losses recognized in surplus or deficit.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in surplus or deficit are included within finance costs or finance income.

De-recognition of financial instruments

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

3.4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits (funds on placement).

3.4.2 Receivables

The Council makes use of a simplified approach in accounting for receivables. Allowance for credit losses are provided taking into consideration the Council's collection efficiency. In calculating the allowance for credit losses, the Council uses historical experience, external indicators and forward-looking information to calculate the allowance for credit losses using a provision matrix. Changes in the allowance for credit losses are accounted for in surplus or deficit in the financial period they arise.

The Council assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. Impairment losses may be made when there is objective evidence that the receivable will not be recovered. Impairment losses are accounted for in surplus or deficit in the financial period they arise.

3.5 Inventories

Council inventory consistence of unsold stands, fuel, consumables, unsold beer and raw materials. Inventories are measured at the lower of cost and net realizable except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. Any write-down to net realizable value is recognized in the Statement of financial performance as an expense. Where inventory was received through non-exchange transactions (for no cost or for a nominal cost). The cost of inventory is its fair value at the date of acquisition. Costs of inventory includes purchase price and costs to bring the inventory to its saleable condition and location. At each financial year end the cost of inventory is estimated using the either the first in first out method or the weighted average cost method.

3.6 Provisions

A provision is a liability uncertain timing or amount. The Council provisions consist of liability for unutilized leave days and Value Added Tax for which the customer has not yet paid to the Council.

Initial recognition

The provisions are recognized when:

- The entity has a present obligation as a result of a past event
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the obligation.

MUTARE CITY COUNCIL
Consolidated Notes to the financial statements
for the year ended December 31, 2022

Measurement

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. The leave pay provision is calculated as a product of unutilized leave days at year end and employees average salaries per day at year end. The VAT provision is measured as the amount payable for tax purposes. The provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.7 Employee benefits

Retirement benefits plans

The Council provides a fixed funeral grant support to the employees and their immediate family. This is done for all current permanent employees of Council. Funeral assistance is provided at most within 48 hours of the occurrence of death.

Short- and long-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders the related service. The Council recognized the expected cost of performance bonuses only when Council has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

3.8 Investment in subsidiary

Mutare City Council formed a company (Pungwe Breweries & Marketing Private Limited) which produces and sell opaque beer which it fully controls. The subsidiary is accounted for in the Councils separate financial statements in accordance with International Public Sector Accounting Standard (IPSAS) - 34 "Separate financial statements". IPSAS 34 requires an entity to account for investments in controlled entities either at cost or in accordance with International Public Sector Accounting Standard (IPSAS) 29 - "Financial instruments". Council accounted for the investment in the subsidiary (controlled entity) in its separate financial statements at cost. International Public Sector Accounting Standard (IPSAS) 35 - "Consolidated financial statements" requires a controlling entity to present consolidated financial statements. Council has consolidated its subsidiary (Pungwe Breweries and Marketing Private Limited) in its 2022 financial statements.

3.9 Taxation

The Council is exempted from paying income tax in terms of the Income Tax Act [Chapter 23:06], except for Pay as You Earn (P. A.Y.E) and Value Added Tax (VAT). P.A.Y.E is levied on Council employee's salaries while the subsidiary is liable to Income tax and corporate tax. The Council charges Value Added Tax (VAT) on sale of water for commercial use, sewerage, refuse removal charges and opaque beer. It also claims input tax on all purchases it makes which are from organizations registered for VAT as per the VAT Act [Chapter 23:12].

MUTARE CITY COUNCIL
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended December 31, 2022

4 Property, plant and equipment

GROUP	Inflation adjusted											Total
	Land	Buildings	Furniture and equipment	ICT equipment	WIP	Motor vehicle	Plant	Roads and street lights	Sewer and water	Total	Total	
Opening carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 402 522 204	ZWL\$ 197 705 197	ZWL\$ 77 024 448	ZWL\$ 629 281 209	ZWL\$ 716 000 148	ZWL\$ 1 423 881 959	ZWL\$ 1 678 246 205	ZWL\$ 3 462 515 963	ZWL\$ 36 291 480 791	31/12/2022 ZWL\$ 36 291 480 791	31/12/2021 ZWL\$ 8 266 635 999
Gross carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 453 712 916	ZWL\$ 237 129 682	ZWL\$ 107 692 630	ZWL\$ 629 281 209	ZWL\$ 868 402 805	ZWL\$ 1 626 287 045	ZWL\$ 1 961 665 807	ZWL\$ 3 746 353 586	ZWL\$ 37 334 829 134	31/12/2022 ZWL\$ 37 334 829 134	31/12/2021 ZWL\$ 8 779 258 816
Accumulated depreciation	ZWL\$ -	ZWL\$ (51 190 712)	ZWL\$ (39 424 485)	ZWL\$ (30 668 181)	ZWL\$ -	ZWL\$ (152 402 657)	ZWL\$ (202 405 087)	ZWL\$ (283 419 601)	ZWL\$ (283 837 623)	ZWL\$ (1043 348 343)	31/12/2022 ZWL\$ (1 043 348 343)	31/12/2021 ZWL\$ (512 623 217)
Additions at cost	ZWL\$ -	ZWL\$ 7 430 994	ZWL\$ 29 077 818	ZWL\$ 147 458 948	ZWL\$ 287 239 296	ZWL\$ 835 839 990	ZWL\$ 4 804 090	ZWL\$ 28 191 039	ZWL\$ 1 045 044	ZWL\$ 1 341 087 220	31/12/2022 ZWL\$ 1 341 087 220	31/12/2021 ZWL\$ 1 037 889 682
Prior period error	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	31/12/2022 ZWL\$ -	31/12/2021 ZWL\$ 3 545 072 980
Transfer from WIP to plant	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ (28 045 945)	ZWL\$ -	ZWL\$ 28 045 945	ZWL\$ -	ZWL\$ -	ZWL\$ -	31/12/2022 ZWL\$ -	31/12/2021 ZWL\$ 23 972 607 655
Revaluation Surplus	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	31/12/2022 ZWL\$ -	31/12/2021 ZWL\$ (530 725 126)
Depreciation for the year	ZWL\$ -	ZWL\$ (17 911 192)	ZWL\$ (17 663 358)	ZWL\$ (32 636 470)	ZWL\$ -	ZWL\$ (197 236 728)	ZWL\$ (84 420 823)	ZWL\$ (55 045 150)	ZWL\$ (83 838 706)	ZWL\$ (488 752 427)	31/12/2022 ZWL\$ (488 752 427)	31/12/2021 ZWL\$ -
Closing carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 392 042 006	ZWL\$ 209 119 657	ZWL\$ 191 846 926	ZWL\$ 888 474 560	ZWL\$ 1 354 603 411	ZWL\$ 1 372 311 171	ZWL\$ 1 651 392 095	ZWL\$ 3 379 722 300	ZWL\$ 37 143 815 580	31/12/2022 ZWL\$ 37 143 815 580	31/12/2021 ZWL\$ 36 291 480 791
Gross carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 461 143 914	ZWL\$ 266 207 500	ZWL\$ 255 151 578	ZWL\$ 888 474 560	ZWL\$ 1 704 242 796	ZWL\$ 1 659 137 081	ZWL\$ 1 989 856 846	ZWL\$ 3 747 398 630	ZWL\$ 38 675 916 354	31/12/2022 ZWL\$ 38 675 916 354	31/12/2021 ZWL\$ 37 334 829 134
Accumulated depreciation	ZWL\$ -	ZWL\$ (89 101 905)	ZWL\$ (57 087 842)	ZWL\$ (63 304 652)	ZWL\$ -	ZWL\$ (349 639 385)	ZWL\$ (286 825 910)	ZWL\$ (338 464 751)	ZWL\$ (367 676 330)	ZWL\$ (1 532 100 774)	31/12/2022 ZWL\$ (1 532 100 774)	31/12/2021 ZWL\$ (1 043 348 343)

Historical cost	Inflation adjusted											Total
	Land	Buildings	Furniture & equipment	ICT equipment	WIP	Motor vehicle	Plant	Roads and street lights	Sewer & Water Reticulation	Total	Total	
Opening carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 274 194 418	ZWL\$ 39 038 887	ZWL\$ 15 730 378	ZWL\$ 125 829 584	ZWL\$ 156 568 633	ZWL\$ 326 708 375	ZWL\$ 303 331 090	ZWL\$ 625 707 985	ZWL\$ 9 629 988 261	31/12/2022 ZWL\$ 9 629 988 261	31/12/2021 ZWL\$ 1 492 603 568
Gross carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 283 437 288	ZWL\$ 46 157 276	ZWL\$ 21 267 750	ZWL\$ 125 829 584	ZWL\$ 184 086 085	ZWL\$ 363 254 144	ZWL\$ 354 504 642	ZWL\$ 676 957 014	ZWL\$ 9 818 372 694	31/12/2022 ZWL\$ 9 818 372 694	31/12/2021 ZWL\$ 1 585 161 566
Accumulated depreciation	ZWL\$ -	ZWL\$ (9 242 870)	ZWL\$ (7 118 389)	ZWL\$ (5 537 372)	ZWL\$ -	ZWL\$ (27 517 452)	ZWL\$ (36 545 769)	ZWL\$ (51 173 552)	ZWL\$ (51 249 029)	ZWL\$ (188 384 433)	31/12/2022 ZWL\$ (188 384 433)	31/12/2021 ZWL\$ (92 557 998)
Additions at cost	ZWL\$ -	ZWL\$ 4 082 964	ZWL\$ 15 976 823	ZWL\$ 81 021 400	ZWL\$ 157 823 789	ZWL\$ 459 252 742	ZWL\$ 2 639 610	ZWL\$ 15 489 582	ZWL\$ 574 200	ZWL\$ 736 861 110	31/12/2022 ZWL\$ 736 861 110	31/12/2021 ZWL\$ 233 896 362
Prior period error	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	31/12/2022 ZWL\$ -	31/12/2021 ZWL\$ 1 030 544 471
Transfer from WIP to plant	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ (8 152 891)	ZWL\$ -	ZWL\$ 8 152 891	ZWL\$ -	ZWL\$ -	ZWL\$ -	31/12/2022 ZWL\$ -	31/12/2021 ZWL\$ 6 968 781 295
Revaluation Surplus	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	ZWL\$ -	31/12/2022 ZWL\$ -	31/12/2021 ZWL\$ (92 056 985)
Depreciation for the year	ZWL\$ -	ZWL\$ (5 206 742)	ZWL\$ (5 134 697)	ZWL\$ (9 487 346)	ZWL\$ -	ZWL\$ (57 336 258)	ZWL\$ (24 540 937)	ZWL\$ (16 001 497)	ZWL\$ (24 371 717)	ZWL\$ (142 079 194)	31/12/2022 ZWL\$ (142 079 194)	31/12/2021 ZWL\$ -
Closing carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 273 070 640	ZWL\$ 49 881 013	ZWL\$ 15 730 378	ZWL\$ 275 500 482	ZWL\$ 558 485 117	ZWL\$ 312 959 939	ZWL\$ 302 819 175	ZWL\$ 625 707 985	ZWL\$ 10 224 770 177	31/12/2022 ZWL\$ 10 224 770 177	31/12/2021 ZWL\$ 9 629 988 261
Gross carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 287 520 252	ZWL\$ 62 134 099	ZWL\$ 102 289 150	ZWL\$ 275 500 482	ZWL\$ 643 338 827	ZWL\$ 374 046 645	ZWL\$ 369 994 224	ZWL\$ 677 531 214	ZWL\$ 10 555 233 804	31/12/2022 ZWL\$ 10 555 233 804	31/12/2021 ZWL\$ 9 818 372 694
Accumulated depreciation	ZWL\$ -	ZWL\$ (14 449 612)	ZWL\$ (12 253 086)	ZWL\$ (15 024 718)	ZWL\$ -	ZWL\$ (84 853 710)	ZWL\$ (61 086 706)	ZWL\$ (67 175 049)	ZWL\$ (75 620 746)	ZWL\$ (330 463 627)	31/12/2022 ZWL\$ (330 463 627)	31/12/2021 ZWL\$ (188 384 433)

MUTARE CITY COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 as at December 31, 2022

4.1 Property, plant and equipment

CITY OF MUTARE Inflation adjusted	MUTARE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS as at December 31, 2022											Total
	Land	Buildings	Furniture and equipment	ICT equipment	WIP	Motor vehicle	Plant and equipment	Roads and street lights	Sewer and Water Reticulation	Total	Total	
Opening carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 206 403 194	ZWL\$ 194 762 920	ZWL\$ 77 024 445	ZWL\$ 614 666 276	ZWL\$ 664 961 319	ZWL\$ 738 690 106	ZWL\$ 1 678 246 205	ZWL\$ 3 462 515 966	ZWL\$ 3 311 212 022	ZWL\$ 35 341 573 890	31/12/2021 ZWL\$ 8 030 399 155
Gross carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 250 623 779	ZWL\$ 229 132 136	ZWL\$ 107 692 630	ZWL\$ 614 666 276	ZWL\$ 806 789 719	ZWL\$ 799 448 164	ZWL\$ 1 961 685 807	ZWL\$ 3 746 353 589	ZWL\$ 3 622 075 553	ZWL\$ 36 220 675 553	8 516 370 177
Accumulated depreciation	ZWL\$ -	ZWL\$ (44 220 584)	ZWL\$ (34 369 215)	ZWL\$ (30 668 185)	ZWL\$ -	ZWL\$ (141 828 400)	ZWL\$ (60 758 057)	ZWL\$ (283 419 601)	ZWL\$ (283 837 623)	ZWL\$ (1 091 101 663)	ZWL\$ (486 971 022)	(486 971 022)
Additions at cost	-	7 430 994	26 206 158	147 458 948	-	822 879 770	60 281 816	28 191 039	1 045 044	1 093 493 770	740 998 209	740 998 209
Prior period error	-	-	-	-	-	-	-	-	-	-	-	3 545 072 980
Construction	-	-	-	-	278 309 300	-	-	-	-	-	278 309 300	259 003 713
Revaluation	-	-	-	-	-	-	-	-	-	-	-	23 159 230 474
Depreciation for the year	-	(7 518 483)	(7 932 466)	(17 266 970)	-	(96 295 052)	(10 000 114)	(29 122 725)	(44 356 525)	(212 492 344)	(393 130 641)	(393 130 641)
Closing carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 206 315 696	ZWL\$ 213 036 612	ZWL\$ 207 216 423	ZWL\$ 892 975 576	ZWL\$ 1 391 546 038	ZWL\$ 788 971 809	ZWL\$ 1 677 314 520	ZWL\$ 3 419 204 485	ZWL\$ 3 650 884 616	ZWL\$ 36 500 884 616	35 341 573 890
Gross carrying amount	ZWL\$ 26 704 303 454	ZWL\$ 1 258 054 773	ZWL\$ 255 338 294	ZWL\$ 255 151 578	ZWL\$ 892 975 576	ZWL\$ 1 629 669 489	ZWL\$ 859 729 980	ZWL\$ 1 989 856 846	ZWL\$ 3 747 398 633	ZWL\$ 3 759 247 823	ZWL\$ 37 592 478 623	36 220 675 553
Accumulated depreciation	ZWL\$ -	ZWL\$ (51 739 077)	ZWL\$ (42 301 682)	ZWL\$ (47 935 155)	ZWL\$ -	ZWL\$ (238 123 451)	ZWL\$ (70 758 171)	ZWL\$ (312 542 326)	ZWL\$ (328 194 148)	ZWL\$ (1 091 594 007)	ZWL\$ (1 091 594 007)	(879 101 663)

Historical cost	MUTARE CITY COUNCIL NOTES TO THE FINANCIAL STATEMENTS as at December 31, 2022											Total
	Land	Buildings	Furniture and equipment	ICT equipment	WIP	Motor vehicle	Plant	Roads and street lights	Sewer and Water Reticulation	Total	Total	
Opening carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 221 667 850	ZWL\$ 38 452 930	ZWL\$ 15 730 378	ZWL\$ 122 583 284	ZWL\$ 143 464 448	ZWL\$ 133 376 084	ZWL\$ 303 331 090	ZWL\$ 625 707 985	ZWL\$ 9 367 192 860	ZWL\$ 9 367 192 860	31/12/2021 ZWL\$ 1 449 949 291
Gross carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 229 652 211	ZWL\$ 44 658 552	ZWL\$ 21 267 750	ZWL\$ 122 583 284	ZWL\$ 169 072 638	ZWL\$ 144 346 411	ZWL\$ 354 504 642	ZWL\$ 676 957 014	ZWL\$ 9 525 921 413	ZWL\$ 9 525 921 413	1 537 695 034
Accumulated depreciation	ZWL\$ -	ZWL\$ (7 984 361)	ZWL\$ (6 205 622)	ZWL\$ (5 537 372)	ZWL\$ -	ZWL\$ (25 608 190)	ZWL\$ (10 970 327)	ZWL\$ (51 173 552)	ZWL\$ (51 249 029)	ZWL\$ (158 728 453)	ZWL\$ (158 728 453)	(87 745 743)
Additions at cost	-	4 082 964	14 398 988	81 021 400	-	452 131 742	33 121 877	15 489 582	574 200	600 820 753	166 981 749	166 981 749
Prior period error	-	-	-	-	-	-	-	-	-	-	-	1 030 544 471
Construction	-	-	-	-	152 917 198	-	-	-	-	-	152 917 198	58 365 719
Revaluation	-	-	-	-	-	-	-	-	-	-	-	6 732 334 440
Depreciation for the year	-	(4 131 040)	(4 358 498)	(9 487 346)	-	(52 909 369)	(5 494 568)	(16 001 497)	(24 371 717)	(116 754 035)	(70 982 710)	(70 982 710)
Closing carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 221 619 774	ZWL\$ 48 493 420	ZWL\$ 87 264 432	ZWL\$ 275 500 482	ZWL\$ 542 686 821	ZWL\$ 161 003 393	ZWL\$ 302 819 175	ZWL\$ 601 910 468	ZWL\$ 10 004 176 876	ZWL\$ 9 367 192 860	9 367 192 860
Gross carrying amount	ZWL\$ 7 762 878 911	ZWL\$ 233 735 175	ZWL\$ 59 057 540	ZWL\$ 102 289 150	ZWL\$ 275 500 482	ZWL\$ 621 204 380	ZWL\$ 177 468 288	ZWL\$ 369 994 224	ZWL\$ 677 531 214	ZWL\$ 10 279 659 364	ZWL\$ 9 525 921 413	9 525 921 413
Accumulated depreciation	ZWL\$ -	ZWL\$ (12 115 401)	ZWL\$ (10 564 120)	ZWL\$ (15 024 718)	ZWL\$ -	ZWL\$ (78 517 559)	ZWL\$ (16 464 895)	ZWL\$ (67 175 049)	ZWL\$ (75 620 746)	ZWL\$ (275 482 488)	ZWL\$ (275 482 488)	(158 728 453)

MUTARE CITY COUNCIL
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended December 31, 2022

	GROUP				CITY OF MUTARE				
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost		
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	
4.2 Depreciation									
Property, plant and equipment	488 762 427	530 725 126	142 079 194	93 631 850	212 482 344	393 130 641	116 754 035	70 982 710	
Investment property	47 248 765	37 100 025	13 735 106	5 221 275	9 502 721	28 917 511	5 221 275	5 221 275	
	536 001 192	567 825 151	155 814 300	98 853 125	221 995 065	422 048 152	121 976 310	76 203 986	
5 Cash and cash equivalents									
Cash	429 761 667	29 009 874	429 761 667	8 433 103	429 761 667	414 242 238	429 761 667	120 419 255	
Bank	830 242	393 157 249	830 242	114 289 898	14 303	66 497 477	14 303	19 330 662	
Funds on placement	14 303	66 497 147	14 303	19 330 566					
	430 606 212	488 664 270	430 606 212	142 053 567	429 775 970	480 739 715	429 775 970	139 749 917	
5.1 Investment in subsidiary									
Investment in purgwe breweries and marketing	-	-	-	-	29 580 293	177 229	29 580 293	32 000	
Additional capital contribution	-	-	-	-	-	163 650 286	-	29 548 293	
					29 580 293	163 827 495	29 580 293	29 580 293	
6 Inventory									
Stores and materials	108 922 636	60 018 715	58 748 701	13 525 040	108 922 636	74 784 801	58 748 701	13 525 040	
Brewery	7 564 779	1 864 329	4 186 472	420 121	-	-	-	-	
Beerhalls	1 873 328	528 277	1 029 301	119 046	-	-	-	-	
Stands held for sale	456 457 556	1 522 996 511	250 800 855	343 202 770	456 457 556	1 900 794 224	250 800 855	343 202 770	
	572 818 239	1 585 407 832	314 735 329	357 266 977	563 380 192	1 975 579 025	309 549 556	356 727 810	
7 Receivables									
Gross trade receivables	5 371 119 475	3857 765 826	5 371 119 475	1 121 443 554	5 363 006 041	3 842 941 286	5 363 006 041	1 117 134 085	
Less: allowance for credit losses	(1 247 854 705)	(1 950 177 851)	(1 247 854 705)	(566 912 166)	(1 241 630 917)	(1 896 872 702)	(1 241 630 917)	(561 416 483)	
Add: estates debtors	14 389	5 263	14 389	1 567	14 389	5 254	14 389	1 527	
	4 123 279 159	1 907 693 228	4 123 279 159	554 532 916	4 121 389 513	1 946 073 839	4 121 389 513	555 719 139	
8 Investment property									
Carrying amount	968 893 836	769 161 595	281 655 185	138 877 942	154 308 897	613 693 842	84 785 108	110 807 064	
Gross carrying amount	1 014 980 624	806 261 620	296 052 565	145 576 632	1 731 314 339	642 611 353	95 227 659	116 028 339	
Accumulated depreciation	(46 086 987)	(37 100 025)	(13 397 380)	(6 698 690)	(19 005 442)	(28 917 511)	(10 442 551)	(5 221 275)	
Transfer of beers to Purgwe Additions	-	38 818 408	-	8 747 613	-	48 447 780	-	8 747 613	
Revaluation surplus	-	484 105 421	(13 735 106)	140 728 320	(6 698 690)	(28 917 511)	(5 221 275)	(5 221 275)	
Depreciation for the year	(47 248 765)	(37 100 025)	-	(6 698 690)	(9 502 721)	(28 917 511)	(5 221 275)	(5 221 275)	
Carrying amount	921 645 072	1 254 985 399	267 920 078	281 655 185	144 806 176	469 573 845	79 563 833	84 785 108	
Gross carrying amount	1 014 980 624	1 329 185 449	296 052 565	296 052 565	1 731 314 339	527 408 867	95 227 659	95 227 659	
Accumulated depreciation	(93 335 752)	(74 200 050)	(27 132 486)	(13 397 380)	(28 508 163)	(57 835 022)	(15 663 826)	(10 442 551)	
9 Payables									
Trade payables	175 050 713	157 253 969	175 050 713	45 713 363	152 767 302	119 361 876	152 767 302	34 698 220	
Payroll payables	46 358 956	65 477 479	46 358 956	19 004 151	46 358 956	55 208 835	46 358 956	16 049 080	
Service creditors	494 778 921	426 957 096	494 778 921	124 115 435	494 778 921	426 957 096	494 778 921	124 115 435	
Statutory obligations	14 500 600	16 434 359	14 500 600	4 717 430	-	15 322 187	-	4 454 124	
	730 689 190	666 122 904	730 689 190	193 640 379	693 905 179	616 849 994	693 905 179	179 316 859	

MUTARE CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

	GROUP				CITY OF MUTARE				
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost		
	2022	2021	2022	2021	2022	2021	2022	2021	
10 Loans									
Opening balance	2 846 012	23 203 436	2 846 012	6 745 185	-	8 451 385	-	-	2 456 798
New loan acquired	158 000 000	13 898 312	158 000 000	4 040 207	158 000 000	158 000 000	158 000 000	-	-
Interest accrued	1 15 907 790	5 934 674	1 15 907 790	1 725 283	1 15 907 790	1 15 907 790	1 15 907 790	-	-
Principal loan repayment	(43 550 844)	(31 951 948)	(43 550 844)	(9 288 357)	(42 053 810)	(42 053 810)	(42 053 810)	-	(2 456 798)
Interest paid	(117 256 768)	(1 294 489)	(117 256 768)	(376 305)	(115 907 790)	(115 907 790)	(115 907 790)	-	-
	115 946 190	9 790 285	115 946 190	2 846 013	115 946 190	-	115 946 190	-	-
11 Deferred income - devolution funds	19 697 781	58 703 266	19 697 781	17 064 903	19 697 781	58 703 266	19 697 781	17 064 903	17 064 903
12 Provision									
Leave pay	2 475 558 043	682 097 208	719 638 966	198 284 072	705 216 585	676 191 248	705 216 585	196 567 223	196 567 223
VAT provision	762 765 001	137 232 649	221 734 012	39 893 212	221 734 012	137 232 649	221 734 012	39 893 212	39 893 212
	3 238 323 044	819 329 857	941 372 978	238 177 284	926 950 597	813 423 897	926 950 597	236 460 435	236 460 435
13 Revenue									
13.1 Revenue from non-exchange transactions									
Fees, fines, penalties and licenses	7 930 210 401	4 157 699 209	4 357 258 462	936 925 187	7 950 598 907	4 164 501 620	4 368 460 938	938 458 090	938 458 090
13.2 Revenue from exchange transactions									
Sales	7 628 019 723	3 815 886 014	4 191 219 628	859 898 597	6 942 484 473	3 397 252 308	3 814 551 908	765 560 733	765 560 733
Rendinger of services	5 827 187 060	2 478 186 585	3 201 751 132	558 451 998	5 827 187 060	2 478 186 588	3 201 751 132	558 451 998	558 451 998
Rental income	1 183 581 809	650 428 103	650 319 675	146 572 044	1 078 344 424	598 246 441	592 496 936	134 813 061	134 813 061
	14 638 788 592	6 944 500 702	8 043 290 435	1 564 922 639	13 848 015 956	6 473 685 338	7 608 799 976	1 458 825 793	1 458 825 793

MUTARE CITY COUNCIL
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended December 31, 2022

	GROUP				CITY OF MUTARE			
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
13.2.1 Sales								
Water charges	6 414 311 551	3 071 043 698	3 524 347 006	692 050 590	6 427 251 503	3 079 955 556	3 531 455 870	694 058 851
Bin sales	267 223	60 218	169 024	60 218	307 624	267 223	169 024	60 218
Sale of dogs	-	68 095	3 777 915	15 345	-	-	-	15 345
Plant sales	6 875 805	4 126 197	929 827	929 827	-	68 095	-	929 827
Beer sales	698 475 205	427 545 563	383 777 585	96 346 125	6 875 805	4 126 199	3 777 915	96 346 125
Land sales	508 049 538	312 835 234	279 148 098	70 486 493	508 049 538	312 835 235	279 148 098	70 486 493
	7 628 019 723	3 815 886 010	4 191 219 628	859 898 598	6 942 484 471	3 597 252 308	3 814 551 907	765 560 733
14 Income from government								
Grants	217 694 703	230 631 986	119 612 474	51 972 234	217 694 703	230 631 986	119 612 474	51 972 234
Donations	375 358 675	797 610 041	206 241 030	179 739 057	375 358 675	797 610 041	206 241 030	179 739 057
Zimra grant	296 686 194	170 642 686	157 519 887	38 453 823	296 686 194	170 642 687	157 519 887	38 453 823
	879 739 572	1 198 884 713	483 373 391	270 165 115	879 739 572	1 198 884 714	483 373 391	270 165 115
15 Other income								
Miscellaneous income	175 698 188	72 032 110	96 537 466	16 232 223	175 698 188	72 032 111	96 537 466	16 232 223
Interest income	102 339 357	83 467 189	56 230 416	18 809 079	102 339 357	83 467 170	56 230 416	18 809 079
Gain on foreign exchange	454 062 527	90 340 843	249 484 905	20 358 041	454 062 527	90 340 842	249 484 905	20 358 041
Decrease in allowance for credit losses	-	-	9 271 895	-	-	-	-	-
	732 100 072	245 840 123	411 524 682	55 399 343	732 100 072	245 840 122	402 252 788	55 399 342
16 Employment costs								
Basic salaries	3 023 603 139	2 217 920 571	1 661 320 406	499 801 823	2 905 101 872	2 162 711 759	1 598 209 820	487 360 681
Allowances and other benefits	3 049 609 673	1 904 455 614	1 675 609 161	429 163 425	3 049 609 673	1 904 455 615	1 675 609 161	429 163 425
Pensions	474 938 549	294 987 162	260 959 187	66 467 722	419 868 660	294 987 162	230 897 176	66 467 722
Cash In lieu	-	26 483 824	5 968 051	5 968 051	35 069 469	26 483 825	30 297 961	5 968 051
Leave pay provisions	\$08 649 361	615 192 644	508 649 361	138 631 838	925 741 537	615 192 644	\$08 649 361	138 631 838
Medical aid	155 619 247	48 070 846	85 505 081	10 832 622	155 619 247	48 070 844	85 505 081	10 832 622
Overtime	218 771 216	130 683 264	120 203 965	29 449 086	218 771 216	130 683 263	120 203 965	29 449 086
Other staff costs	2 939 050	-	1 614 313	-	2 939 050	1 614 313	-	-
	7 424 128 036	5 237 763 924	4 313 857 424	1 180 314 567	7 732 719 245	5 182 555 113	4 248 748 838	1 167 873 425
17 Councilors expenses								
Monthly councilors allowance	23 482 282	14 583 598	12 902 353	3 286 371	23 482 282	14 583 598	12 902 353	3 286 371
Board fees	9 970 258	2 026 091	5 478 164	456 574	-	-	-	-
	33 452 541	16 609 689	18 380 517	3 742 945	23 482 282	14 583 598	12 902 353	3 286 371
18 Repairs and maintenance								
Buildings and grounds	97 524 352	95 482 511	59 594 809	19 265 483	97 287 137	65 482 510	53 454 471	19 265 483
Computers and accessories	14 216 701	14 306 695	7 811 374	3 223 971	14 216 701	14 306 695	7 811 374	3 223 971
Furniture and equipment	8 936 389	16 610 577	4 910 104	3 743 144	8 936 389	16 610 576	4 910 104	3 743 144
Materials	4 352 554	8 795 492	2 413 546	1 982 038	4 352 554	8 795 493	2 413 546	1 982 038
Motor vehicles and machinery	17 690 877	2 200 558	9 720 262	495 889	2 146 421	2 200 556	1 179 352	495 889
Pipeline access	1 402 166	5 580	770 421	1 258	1 402 166	5 581	770 421	1 258
Plant and equipment	135 489 349	33 314 573	74 444 697	7 507 340	135 489 349	33 314 573	74 444 697	7 507 340
Public convenience	7 829 085	3 579 530	4 301 695	806 637	7 829 085	3 579 531	4 301 695	806 637
Road street lights	48 584 515	12 810 027	26 700 283	2 866 702	48 584 515	12 810 028	26 700 283	2 866 702
Road maintenance	366 141 630	368 017 736	201 176 720	82 931 706	366 141 630	368 017 737	201 176 720	82 931 706
Survey equipment	3 181 911	3 181 911	-	500 000	717 034	3 181 909	-	717 034
Tar and bitumen	2 218 800	2 218 800	-	500 000	2 218 800	2 218 800	-	500 000
Tools and equipment	40 948 838	40 948 838	89 753 799	9 227 699	40 948 838	40 948 839	89 753 799	9 227 699
Water reticulation	382 140 084	89 622 833	209 967 079	20 196 239	382 102 073	89 622 832	209 946 194	20 196 239
Maintenance	-	-	-	-	38 011	-	-	-
	1 247 709 716	681 105 659	685 554 789	153 485 140	1 231 890 034	672 957 418	676 883 541	151 848 958

MUTARE CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

	GROUP				CITY OF MUTARE				
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost		
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2021 ZWL\$	2021 ZWL\$	2021 ZWL\$	2021 ZWL\$	
20 General expenses									
Administration expenses	77 270 322	117 662 723	42 456 221	26 514 946	3 120 219	1 193 040	1 714 406	268 848	
Advertising	123 749 524	69 757 806	67 994 244	15 719 715	119 477 666	69 757 807	65 647 099	15 719 715	
Audit fees	56 745 266	21 630 720	30 629 267	4 874 419	55 745 266	21 630 717	30 629 267	4 874 418	
Anti-malaria chemicals	5 018 231	1 908 168	2 757 270	430 000	5 018 231	1 908 168	2 757 270	430 000	
Bad debts written off	182 813 018	-	100 446 713	-	182 813 018	-	100 446 713	-	
Bank charges	361 316 830	148 021 738	198 525 731	33 356 260	345 587 763	148 021 738	189 883 386	33 356 260	
Cleaning materials	25 227 617	8 386 641	13 861 328	1 889 905	25 199 953	8 386 643	13 846 128	1 889 905	
Discount allowed	1 392 941 058	57 304 734	765 352 230	12 913 452	1 376 066 210	57 304 736	756 080 335	12 913 452	
Dog food	4 156 813	1 349 323	2 283 963	304 066	4 156 813	1 349 324	2 283 963	304 066	
Fines and penalties	11 413 913	-	6 271 381	-	11 413 913	-	6 271 381	-	
Fuel and oils	114 237 078	14 341 501	62 767 825	3 231 815	114 237 078	14 341 503	62 767 825	3 231 815	
Funeral assistance	12 304 547	6 171 804	6 760 740	1 990 798	12 019 189	6 171 804	6 603 990	1 990 798	
Other expenses	782 442 119	321 030 841	429 913 552	72 343 348	824 732 265	300 923 216	453 149 596	67 812 154	
Grant - Publicity association	333 400	364 045	183 187	82 037	333 400	364 047	183 187	82 037	
Hire of plant	129 950 581	42 049 996	71 401 418	9 475 842	119 042 191	42 049 995	65 407 797	9 475 842	
Insurance	81 179 082	46 513 138	44 603 931	10 481 598	79 924 792	46 513 138	43 914 721	10 481 598	
Internet charges	23 301 260	6 655 107	12 802 990	1 499 708	23 301 260	6 655 105	12 802 990	1 499 708	
Investment promotion	160 630 082	22 337 262	88 258 287	5 033 636	160 630 082	22 337 263	88 258 287	5 033 636	
Laboratory expenses	2 418 341	5 915 073	1 328 759	1 332 945	2 418 341	5 915 075	1 328 759	1 332 945	
Laundry expenses	2 687 585	2 576 894	1 476 695	580 695	2 687 585	2 576 893	1 476 695	580 695	
Legal expenses	184 000 583	47 685 366	101 099 375	10 745 756	183 115 562	47 685 366	100 612 946	10 745 756	
Medical equipment	787 765	4 173 838	432 849	940 562	787 765	4 173 838	432 849	940 562	
Paid rental	62 135 204	16 760 186	34 140 222	3 776 858	62 135 204	16 760 186	34 140 222	3 776 858	
Patient food	8 174 679	4 057 366	4 491 582	914 315	8 174 679	4 057 366	4 491 582	914 315	
Pest control	6 031 753	2 153 478	3 314 150	485 280	6 031 753	2 153 479	3 314 150	485 280	
Printing and stationery	146 651 028	64 535 955	80 577 488	14 542 986	140 690 778	64 535 954	77 302 625	14 542 986	
Promotional licences	37 394 333	24 535 563	20 546 337	5 529 017	37 394 333	24 535 564	20 546 337	5 529 017	
Protective clothing	50 661 753	50 306 901	27 836 128	11 336 511	50 661 753	50 306 903	27 748 510	11 336 511	
Allowance for credit losses	(711 595 041)	2 014 600 245	680 942 539	453 984 190	394 550 492	1 357 253 692	690 214 434	453 984 190	
Purchase of books	-	79 461	-	17 906	-	79 460	-	17 906	
Railage and delivery charges	364 513	5 662 667	18 829 675	82 142	364 513	5 662 665	18 829 675	82 142	
Rates	34 270 009	4 504 580	7 435 195	1 276 065	34 270 009	4 504 580	7 435 195	1 276 065	
Rentals	13 532 055	84 264 685	93 086 130	1 015 094	13 532 055	84 264 685	93 086 130	1 015 094	
Staff training	169 416 757	575 438 509	316 175 005	48 242 379	169 416 757	575 438 509	316 175 005	48 242 379	
Travel and subsistence	575 438 509	214 080 381	316 175 005	48 242 379	575 438 509	214 080 380	297 167 566	48 242 379	
Telephone and postage	130 364 212	70 233 692	71 639 677	15 826 954	129 801 448	70 233 690	71 319 477	15 826 954	
Transport and distribution	731 863 885	366 036 618	407 123 014	86 992 207	727 218 576	311 228 375	399 570 646	86 992 207	
Water, lighting and sanitation	402 221 522	225 083 583	221 000 836	50 721 918	414 606 671	240 797 852	227 805 663	50 721 918	
Wayleave	656 938	312 603	360 955	70 445	656 938	312 605	360 955	70 445	
	5 391 162 911	4 113 409 192	4 034 106 249	926 944 567	6 242 704 458	3 260 391 365	3 903 485 844	882 850 621	
21 Purchases									
Raw materials	465 241 611	205 995 157	255 627 259	46 420 398	465 241 611	205 995 157	255 627 259	46 420 398	
Drug purchases	344 281 825	656 436 294	189 165 638	147 925 972	344 281 825	656 436 295	189 165 638	147 925 972	
Water chemicals	352 804 228	90 192 586	193 848 477	20 324 632	352 804 228	90 192 587	193 848 477	20 324 632	
Water extraction charges	365 721 578	152 528 338	200 945 922	34 371 809	365 721 578	152 528 338	200 945 922	34 371 809	
	1 528 049 243	1 105 152 374	839 587 496	249 042 811	1 528 049 243	1 105 152 374	839 587 496	249 042 811	
22 Finance cost									
	115 907 790	5 934 974	115 907 790	1 725 283	115 907 790	-	115 907 790	-	

MUTARE CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

	GROUP				CITY OF MUTARE			
	Inflation adjusted		Historical cost		Inflation adjusted		Historical cost	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
21 Related parties remuneration								
Council is related to Councillors, Town Clerk, Chamber Secretary, Finance Director, Health Director, Housing Director and Director Engineering who are key management personnel.								
21.1 Management staff								
Basic	138 133 248	73 529 481	75 897 389	21 374 849	27 573 555	6 964 876	21 374 894	4 326 010
Allowances	23 482 282	11 305 116	12 902 353	3 286 371	4 239 418	988 073	3 286 371	613 710
Total	161 615 530	84 834 597	88 799 742	24 661 220	31 812 973	7 952 949	24 661 265	4 939 720
21.2 Councillors								
Allowances	33 452 541	16 609 689	18 380 517	3 742 945	23 482 282	14 583 598	12 902 353	3 286 371
Total	195 068 071	101 444 286	107 180 259	28 404 165	55 295 255	22 536 547	37 563 618	8 226 091

22 Pensions arrangements

Gratuity

Council has pension arrangement of gratuity to an employee in recognition of long service. Gratuity is computed by multiplying basic monthly salary and number of years served in the Council. It is only given after an employee served 5 years or more.

Local Authorities Pension Fund (LAPF)

The Council has a pension fund managed by Local Authorities Pension Fund and the employer contributes 17.3% while the employee contributes 6% to the pension. During the year ended December 31, 2022, Council has contributed ZWL\$230 697 176 to LAPF towards pension fund.

National Social Security Authority (NSSA)

The National Social Security Authority was introduced on October 01, 1994 and with effect from that date all employees are members of the scheme, to which both the employer and employee contribute as follows:

Employees: 4.5% of the monthly basic salary

Employer: 4.5% of the monthly basic salary

During the year ended December 31, 2022, a total of ZWL\$30 257 961 was paid towards NSSA.

MUTARE CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

22 Segment reporting financial position

	Rates	Parking	Estates	Housing	Health	Pungwe	Inter-company	Total	Inflation adjusted
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Assets									
Current assets									
Cash and cash equivalents	88 061 614	14 028 306	314 436	4 499 813	5 256 935	2 303 650	-	430 606 212	430 606 212
Inventories	13 525 040	-	-	343 202 770	-	539 167	-	314 735 329	572 818 299
Receivables	164 026 390	-	-	159 384 449	242 308 300	17 872 760	(13 563 301)	4 123 279 159	4 123 279 159
	265 613 044	14 028 306	314 436	507 087 032	247 565 235	20 715 577	(13 563 301)	4 868 620 700	5 126 703 670
Non current assets									
Property plant and equipment	1 213 353 634	-	6 733 459 190	115 731 901	302 712 621	262 769 200	-	10 224 770 177	37 143 815 580
Investment property	36 428 406	-	2 806 108	37 933 953	37 164 934	167 321 783	-	267 920 078	921 645 072
Investment in subsidiary	32 000	-	-	-	-	-	(32 000)	-	-
	1 249 814 040		6 736 265 298	153 665 855	339 877 555	430 090 983	(32 000)	10 492 690 255	38 065 460 652
Total assets	1 515 427 084	14 028 306	6 736 579 734	660 752 887	587 442 791	450 806 560	(13 595 301)	15 361 310 955	43 192 164 321
Reserves and liabilities									
Liabilities									
Current liabilities									
Trade and other payables	179 316 859	-	-	-	-	27 676 747	(13 353 227)	730 689 190	730 689 190
Deferred income	236 553 459	-	-	-	-	-	-	19 697 781	19 697 781
Provisions	-	-	-	-	-	1 716 849	-	941 372 978	3 238 323 044
	415 870 318					29 393 596	(13 353 227)	1 691 759 949	3 988 710 015
Non current liabilities									
Loans	-	-	-	-	-	3 056 086	(210 074)	115 946 190	115 946 190
	415 870 318					32 449 682	(13 563 301)	1 807 706 139	4 104 656 205
Total liabilities	415 870 318					32 449 682	(13 563 301)	1 807 706 139	4 104 656 205
Net assets	1 099 556 766	14 028 306	6 736 579 734	660 752 887	587 442 791	418 356 878	(32 000)	13 553 604 814	39 087 508 117
NET ASSETS /EQUITY									
Capital contributed by:									
Share capital	32 000	-	-	-	-	-	(32 000)	-	-
Revaluation reserves	1 315 992 627	-	8 833 462	7 209 212 591	91 644 909	421 656 207	-	9 795 389 314	37 042 293 219
Estate funds	-	-	343 202 770	-	-	-	-	250 800 855	1 582 931 635
Accumulated surpluses/(deficits)	368 156 358	52 363 489	124 903 668	327 341 870	(372 499 773)	(3 331 329)	29 548 293	3 507 382 646	462 106 033
Capital reserve	-	-	-	32 000	-	-	-	32 000	177 229
	1 684 148 986	52 363 489	476 939 900	7 536 586 461	(280 854 865)	418 324 878	29 516 293	13 553 604 814	39 087 508 117

MUTARE CITY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

23 Segment reporting financial performance

	Rates	Parking	Estates	LGA	Health & welfare	Pungwe	Inter-company	Total	Inflation adjusted
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Revenue from non-exchange transactions									
Fees, fines, penalties and licenses	161 563 587	26 688 415	-	219 018 892	105 807 147	-	(1 532 903)	4 357 258 462	7 930 210 401
Revenue from exchange transactions									
Sales	161 563 587	26 688 415	-	219 018 892	105 807 147	-	(1 532 903)	4 357 258 462	7 930 210 401
Renting of services	694 074 196	-	-	70 496 493	990 045	49 925 727	(2 008 261)	4 191 219 628	5 406 673 320
Rental revenue from facilities & equipment	274 484 141	16 964 344	1 777 304	27 802 963	239 023 247	-	-	3 201 751 132	4 130 258 960
	3 647 700	-	70 595 814	59 448 010	1 121 538	-	-	650 319 675	838 912 381
Revenue from other government entities									
Grants	972 206 036	16 964 344	70 773 118	157 747 465	241 134 829	49 925 727	(2 008 261)	8 043 290 435	14 638 788 592
	90 500 460	-	-	-	16 990 500	-	-	483 373 391	879 739 572
Other income									
	203 360 554	-	-	3 031 493	11 303 071	11 758 983	-	411 524 682	732 100 072
	293 861 014	-	-	3 031 493	28 293 571	11 758 983	-	894 898 073	1 611 839 644
Total	1 427 630 637	43 652 759	70 773 118	379 797 850	134 100 717	61 684 710	(3 541 164)	13 295 446 970	24 180 838 636
Expenses									
Employment costs	703 455 434	6 435 933	-	59 721 001	398 261 058	12 441 142	-	4 313 857 424	7 434 128 036
Councillors' expenses	3 286 371	-	156 427	6 707 367	5 419 414	456 574	-	18 380 517	33 452 541
Depreciation	63 920 778	-	487 831	8 016 723	11 600 802	1 836 182	-	155 814 300	536 001 192
Repairs and maintenance	131 543 602	-	-	124 003 411	118 697 621	47 542 088	(3 541 164)	685 554 789	1 247 709 716
General expenses	640 221 611	21 000	-	-	147 828 672	46 420 388	-	4 034 106 249	5 391 162 911
Purchases	54 793 741	-	-	-	-	1 725 283	-	839 587 496	1 528 049 243
Finance costs	-	-	-	-	-	-	-	115 907 790	115 907 790
Total expenses	1 597 221 536	6 456 933	644 257	198 448 502	681 807 567	133 070 807	(3 541 164)	10 163 208 665	16 286 411 428
Surplus on net monetary	-	-	-	-	-	-	-	-	(10 007 397 741)
Surplus / (deficit) for the period	(169 590 899)	37 195 826	70 128 861	181 349 348	(547 706 850)	(71 386 097)	(10 623 492)	3 132 238 405	(2 112 970 533)