



Grant Thornton

Motor Industry Pension Fund
[United States Dollars (USD) Fund]
Annual Financial Statements
31 December 2021

NATURE OF BUSINESS:

Provision of employee benefits.

BOARD OF TRUSTEES:

Mswaka B.	(Chairperson)
Hundermark K.	(Employer Representative)
Munikwa T.	(Employer Representative)
Dururu C.	(Employer Representative)
Mushore P.	(Employer Representative)
Muzamindo M.	(Employee Representative)
Chikura J.	(Independent Trustee)
Sibiza N. G.	(Independent Trustee)
Mukanga E. T.	(Independent Trustee)

PRINCIPAL OFFICER:

Manhika R.

REGISTERED OFFICE:

Motor Industry House
77 Central Avenue
HARARE

ACTUARIES:

African Actuarial Services
Ground Floor, Block 6, East Wing
Celestial Park, Borrowdale
HARARE

BANKERS:

First Capital Bank (Zimbabwe)
Limited
FBC Bank Limited
Standard Chartered Bank
(Zimbabwe) Limited
HARARE

AUDITORS:

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Camelsa Business Park
135 Enterprise Road
Highlands
HARARE

Contents

	PAGE
Responsibilities of Management and Those Charged with Governance for the annual financial statements	1-2
Independent Auditors' Report	3-6
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of changes in funds	9
Statement of cash flows	10
Analysis of cost of assets	11
Membership statistics	12
Statement of accounting policies	13-20
Notes to the annual financial statements	21-24
Appendices	25-28

These annual financial statements are expressed in United States Dollars (USD).

Responsibilities of Management and Those Charged with Governance for the annual financial statements for the year ended 31 December 2021

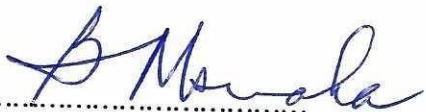
It is the Trustees' responsibility to ensure that the annual financial statements fairly present the state of affairs of the Pension Fund. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Trustees have assessed the ability of the Fund to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Trustees believe that under the current economic environment a continuous assessment of the Fund's ability to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The annual financial statements set out in this report have been prepared by management in accordance with the Pension and Provident Funds Act (Chapter 24:09) as read with the Pension and Provident Funds Regulations (S.I. 323 of 1991) and Pension and Provident Funds (Amendment) Regulations, 2020 (S.I. 91 of 2020). They are also prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions. They are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

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

The Pension Fund's annual financial statements which are set out on pages 7 to 28 were, in accordance with their responsibilities, approved by the Trustees on 2022 and are signed on its behalf by:

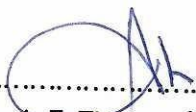


.....
Chairman
Mswaka B.



.....
Principal Officer
Manhika R.

These annual financial statements were prepared under the supervision of:



.....
Francis T. Zindere (RPA, FCIS)
Consultant (PAAB No: 2122)

INDEPENDENT AUDITORS' REPORT

Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
PO Box CY 2619
Causeway, Harare
Zimbabwe
T +263 0242 442511-4
F +263 0242 442517 / 496985
E info@zw.gt.com
www.granthornton.co.zw

To the members of Motor Industry Pension Fund

Report on the audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Motor Industry Pension Fund as set out on pages 7 to 28 which comprise of the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Motor Industry Pension Fund as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the Pension and Provident Funds Act (Chapter 24:09) as read with the Pension and Provident Funds Regulations (S.I. 323 of 1991) and Pension and Provident Funds (Amendment) Regulations, 2020 (S.I. 91 of 2020) and the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our responsibility in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to **note 19** which describes the uncertainties related to the possible effects of the COVID-19 outbreak on the Pension Fund.

Other Matter

As disclosed under **note 1.2**, the Pension Fund did not present comparative information since it is its first year of operation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

In our professional judgement there were no key audit matters.

Responsibilities of Management and Those Charged with Governance for the annual financial statements for the year ended 31 December 2021

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Pension and Provident Funds Act (Chapter 24:09), and relevant Statutory Instruments (S.I. 323/91 -the Pension and Provident Funds Regulation, 1991 and S.I. 91/20 the Pension and Provident Funds (Amendment) Regulation, 2020) as well as International Financial Reporting Standards (IFRSs), and for such internal controls 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 Pension Funds' 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 Pension Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pension Fund financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Pension Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the annual 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 Pension Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Pension Fund's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

Investments in prescribed assets

As at 31 December 2021, the Pension Fund was not compliant with the Insurance and Pensions Commission (IPEC) Circular 3 of 2019, regarding the holding of prescribed assets to a minimum of 20%. The Pension fund had 0% holding in prescribed assets.

Cash holding

As at 31 December 2021, the Pension Fund was not compliant with the Insurance and Pensions Commission (IPEC) Circular 1 of 2013 read with Circular 1 of 2016, regarding the holding of cash to a maximum of 10%. The Pension fund had a cash holding of 14.02% at year end.

The engagement partner on the audit resulting in this Independent Auditor's Report is Farai Chibisa.

Grant Thornton

Farai Chibisa

Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

10 MAY2022


HARARE

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Notes	2021 USD
Assets		
Non current assets		
Financial assets at fair value through profit or loss	5	<u>51 428</u>
Current assets		
Trade and other receivables	6	79 549
Cash and cash equivalents	7	<u>241 844</u>
		<u>321 393</u>
Total assets		<u><u>372 821</u></u>
Reserves and liabilities		
Reserves		
Accumulated funds		<u>367 559</u>
Current liabilities		
Pending exits	8	55
Other payables	9	<u>5 207</u>
		<u>5 262</u>
Total reserves and liabilities		<u><u>372 821</u></u>


.....
PRINCIPAL OFFICER


.....
CHAIRMAN OF TRUSTEES


.....
INDEPENDENT AUDITOR

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 USD
Income		
Contributions	10	411 365
Investment income	11	4 123
Fairvalue gain on financial assets	12	1 424
Total income		<u>416 912</u>
Expenditure		
Benefits	14	1 011
GLA premiums		18 566
Other operating expenses	15	29 776
Total expenditure		<u>49 353</u>
Surplus for the year		367 559
Other comprehensive income:		
Other comprehensive income for the year		-
Total comprehensive income		<u><u>367 559</u></u>

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2021

	Accumulated Fund USD	Total USD
Opening balance as at 1 January 2020	-	-
Total surplus for the year	<u>-</u>	<u>-</u>
Closing balance as at 31 December 2020	<u>-</u>	<u>-</u>
Total surplus for the year	<u>367 559</u>	<u>367 559</u>
Closing balance as at 31 December 2021	<u>367 559</u>	<u>367 559</u>

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]STATEMENT OF CASHFLOWS
for the year ended 31 December 2021

	2021 USD
Cash flows from operating activities	
Cash received from contributions	338 402
Cash paid to suppliers	
Administration expenses	(21 081)
GLA premiums	(18 566)
Levies and subscriptions paid	(2 861)
Benefits paid	(956)
Bank charges	(332)
Other operating expenses	(2 463)
	<hr/>
Net cash generated from operating activities	292 143
	<hr/>
Cash flows from investing activities	
Purchase of financial assets	(535 582)
Proceeds from disposal financial assets	485 577
Investment management fees	(294)
	<hr/>
Net cash (utilised in) investing activities	(50 299)
	<hr/>
Net increase in cash and cash equivalents	241 844
Cash and cash equivalents at the beginning of the period	-
	<hr/>
Cash and cash equivalents at the end of the period	241 844
	<hr/> <hr/>
Shown as:	
Cash on hand or at short notice	225 472
Cash at bank	16 372
	<hr/>
Cash and cash equivalents at the end of the period	241 844
	<hr/> <hr/>

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

DETAILED ANALYSIS OF COST OF ASSETS
as at 31 December 2021

2021	
Total amount USD	aggregate value of %

SECTION A

Assets at cost held in terms of Section 18 (2) of the Act

I.	Investments in Zimbabwe		
	(a) Investment Property	-	-
	(b) Ordinary and deferred shares	-	-
	(c) -Quoted	-	-
	(d) -Unquoted	51 428	13.79%
	(e) Prescribed assets	-	-
	(f) Fixed interest securities	-	-
	(g) Debentures and loans	-	-
	(h) Units in unit trust schemes	-	-
II.	Current investments		
	(a) Money market investments	189 579	50.85%
	(b) Other current assets	79 549	21.34%
III.	Sundry debtors		
	(a) IMT tax recoverable	-	-
	(b) Other	-	-
IV.	Cash on hand and at bank	52 265	14.02%
		<u>372 821</u>	<u>100%</u>

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)


MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

MEMBERSHIP STATISTICS FOR THE YEAR ENDED 31 DECEMBER 2021


	2021	
	In Zimbabwe	Outside Zimbabwe
I Number of principal members at beginning of the year	-	-
Number of beneficiaries at the beginning of the year	-	-
TOTAL	-	-
II Membership as at end of year		
(a) New entrants for the year	1 006	-
(b) Transfers in	-	-
(c) Active members	-	-
(d) Deferred pensioners	-	-
(e) Pensioners	-	-
(f) Suspended pensioners	-	-
(g) Members with unclaimed benefits	-	-
Total membership at the end of the year	1 006	-
III Exists at the end of the year		
(a) Transfers out	-	-
(b) Full Commutations	6	-
(c) Death	-	-
(d) Other	-	-
Total	6	-
Total membership at the end of the year	1 000	-



PRINCIPAL OFFICER



CHAIRMAN OF TRUSTEES



INDEPENDENT AUDITOR

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

Statement of accounting policies
for the year ended 31 December 2021

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented, unless otherwise stated. The policies are as follows:

1.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Pension and Provident Funds (Amendment) Regulations, 2020 (No.25) (Statutory Instrument 91 of 2020) and the Insurance and Pensions Commission Circular 26 of 2020 and Circular 20 of 2021.

1.2 IAS 1: Comparative information

The Pension Fund started operating from 1 January 2021. These financial statements are not presenting comparative information in respect of the year ended 31 December 2020 for all amounts and balances reported in the current year ended 31 December 2021, in; the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended since this is the first year of the Fund's operation.

1.3 Changes in accounting policy and disclosures

The following new standards, amendments and interpretations are effective for the first time for 31 December 2021 year ends and are relevant to the Fund.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material are not expected to have a significant impact on the Fund's financial statements.

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

Statement of accounting policies
for the year ended 31 December 2021 (continued)

1.3 Changes in accounting policy and disclosures (continued)

Amendments to IAS 8: Definition of Accounting Estimates

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

. A change in accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Fund as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

1.4 Functional and presentation currency

These financial statements are presented in United States Dollars (USD) being the functional and reporting currency of the primary economic environment in which the Fund operates.

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND

[United States Dollars (USD) Fund]

Statement of accounting policies
for the year ended 31 December 2021 (continued)

1.5 Financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost: (1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- (1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and;
- (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the fund may make the following irrevocable election / designation at initial recognition of a financial asset: income if certain criteria are met.

- (1) the fund may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income and;
- (2) the fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

Statement of accounting policies
for the year ended 31 December 2021 (continued)

Financial assets designated as at FVTPL

On initial recognition, the Fund may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTPL. Designation at FVTPL is permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Derecognition

A financial asset (or where applicable, a part of a financial asset or is primarily derecognised (removed from the entity's statement of financial position) when the rights to receive cashflows from the asset have expired.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities. Trade and other payables include obligations to pay asset management fees, administration fees, group life assurance premiums and IPEC Levies.

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND

[United States Dollars (USD) Fund]

Statement of accounting policies

for the year ended 31 December 2021 (continued)

1.8 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Fund expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Provisions are made for audit and actuarial fees.

1.9 Income

Revenue is recognised at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Pension Fund and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

(a) Contributions

Contributions are recognised monthly on the accrual basis.

(b) Interest

Interest income and expense presented in the statement of comprehensive income comprise interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis. The „effective interest rate“ is calculated on initial recognition of a financial gross carrying amount of the financial asset and the amortised cost of the financial liability.

(c) Dividends

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date.

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]Statement of accounting policies
for the year ended 31 December 2021 (continued)**1.10 Taxation**

In terms of the Third Schedule to the Income Tax Act (Chapter 23:06), pension funds are exempt from income tax, capital gains tax and residents tax on interest from financial institutions until such a date as the Minister may specify by notice in the Government Gazette. As no such notice has been gazetted in respect of the period covered by these financial statements, no provision for taxation has been made.

2 FINANCIAL RISK MANAGEMENT**2.1 Financial Risk Factors****(a) Market risk****(i) Interest rate risk**

The Fund is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Fund's interest bearing financial instruments, the Fund's policy is to transact in financial instruments that mature or re-price in the short term - i.e. no longer than 12 months. Accordingly, the Fund is subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Foreign exchange risk

The Fund conducts its activities in Zimbabwe with an informal multicurrency system in place and is exposed to foreign exchange risk arising from transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

(iii) Price risk

The Fund is exposed to equity securities price risks because it investments in listed equities that expose it to these risks at the reporting date. The maximum exposure to price risks as at the reporting date was as follows;

	2021 USD
Investments in equity holdings	51 428

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]Statement of accounting policies
for the year ended 31 December 2021 (continued)**(b) Credit risk**

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding investments and advances to staff. Only approved financial institutions with sound capital bases are utilised to deposit grants received from members.

The Fund's maximum exposure to credit risk by class of financial asset is as follows:

	2021 USD
Cash and cash equivalents	241 844
Trade and other receivables	79 549
	<hr/>
	321 393
	<hr/> <hr/>

The fair value of cash and cash equivalents at 31 December approximates the carrying amount.

(c) Liquidity risk

Management monitors rolling forecasts of the Fund's liquidity reserve comprising of cash and cash equivalents on the basis of expected cash flow. In addition, the Fund's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these. "Liquidity risk is the risk that the Fund may fail to meet its payment obligations when they fall due. The Fund identifies the risk through periodic liquidity " gap analysis and maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

3.2 Fair value of financial assets and liabilities

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources: unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level one - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity securities.

Level two - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

Statement of accounting policies
for the year ended 31 December 2021 (continued)

3.2 Fair value of financial assets and liabilities (continued)

Level three - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non listed equity investments. The hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Functional and presentation currency

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 1.5 (functional currency).

4 ACTUARIAL VALUATIONS [Financial Reviews]

The Trustees consult the Actuary to perform the financial review of the Fund and the Actuary credits Members allocation [accumulation] accounts at least once a year with interest at a rate generally reflecting the return earned on the assets of the Fund. This being the first year of operation of the USD Fund, this review will be first carried out as at 31 December 2021.

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]Notes to the financial statements
for the year ended 31 December 2021 (continued)**5 Financial assets measured at fair value through profit or loss**

Investments are classified as financial assets measured at fair value through profit and loss. Market values of investments are based on certain estimates and judgements by the Fund's Investment Advisors as dictated by the Zimbabwe Stock Exchange trades and approved by the Trustees.

	2021 USD
Other assets	
- Quoted ordinary shares	51 428
Financial assets at fair value through profit or loss	<u>51 428</u>
6 Trade and other receivables	
Pension contributions	77 086
Prepayments	2 463
	<u>79 549</u>
7 Cash and cash equivalents	
Money market investments	189 579
Cash on hand or at short notice	35 893
Cash at bank	16 372
	<u>241 844</u>
8 Pending exits	
Benefits due to members	55
9 Other payables	
Investment management fees payable	247
Actuarial	1 250
Audit Fees	3 206
IPEC levy payable	504
	<u>5 207</u>

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]Notes to the financial statements
for the year ended 31 December 2021 (continued)

10 Contributions	2021 USD
Contributions by employees	164 546
Contributions by employers	246 819
	<u>411 365</u>
11 Investment income	
Interest from investments	4 123
	<u>4 123</u>
12 Fair value gain on financial assets	
OMIG	1 424
	<u>1 424</u>
14 Benefits	
Lump sum awards on resignation and dismissal	1 011
	<u>1 011</u>
15 Other operating expenses	
Actuarial fees	1 250
Admin Fees	21 081
Custodial fees	150
IPEC levies	3 365
Bank charges	331
Audit fees	3 206
Investment management expenses	393
	<u>29 776</u>

PENSION AND PROVIDENT FUNDS ACT (Chapter 24:09)

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]Notes to the financial statements
for the year ended 31 December 2021 (continued)**16 Prescribed assets**

In terms of Section 18(2)(a) of the Pension and Provident Fund Act (Chapter 24:09), registered Pension Funds shall hold not less than 35% of their book value of assets in Government Stocks and other approved holdings. However, on the 12 March 2019, the Government reviewed the prescribed asset ratio through a circular 3 of 2019 to a minimum of 20%. The Pension Fund has not adhered to this regulation as the United States Dollars (USD) prescribed assets that are guaranteed to pay back USD are not yet available in the market, at the moment the market is offering predominantly Zimbabwe Dollars (ZWL) prescribed assets.

On 20 March 2013, the Insurance and Pensions Commission (IPEC) issued a, Circular 1 of 2013, which promulgated maximum investment thresholds regarding specific investment classes for life companies and self administered pension funds. Circular 1 of 2016 then allowed organisation to register their Investments Policy Statements (IPS) with investment guidelines. The Fund registered its IPS with IPEC and investment guidelines are as follows:

- a) Prescribed assets, maximum holding 40%;
- b) Properties, maximum holding 50%;
- c) Quoted shares, maximum holding 50%;
- d) Unquoted shares, maximum holding 10%;
- e) Money market, maximum holding 45%;
- f) Cash, maximum holding 10%; and
- g) Other investments, maximum holding 10%.

Full compliance in respect to this circular was expected by the 1st of April 2016.

17 Related parties

Parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party in making financial and operating decisions. The Fund has related party relationships with Motor Industry which employs the contributing members. They therefore contributed **USD 246 818** towards members accumulations.

18 Operating environment

On 30 November 2020, the Commissioner of Insurance, Pensions and Provident Funds issued Circular 26 of 2020 which revised the basis and form of Reporting in Financial Statements for Pension Funds. The circular mandates all Pension and Provident Funds; and fund administrators to adhere to the International Financial Reporting Standards (IFRS) in preparing financial statements.

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

Notes to the financial statements
for the year ended 31 December 2021 (continued)

19 Effects of Covid-19

The effects of COVID-19 pandemic both direct and indirect has had an impact on the 2021 financial year and is expected to continue affecting the Fund in the foreseeable future. The outbreak has caused a decline in the country's GDP as companies shut down. In the medium term, companies might need to downsize by terminating or suspending employment contracts or retrenching. For the Fund there might also be an influx of claims due to deaths, ill health retirements and retrenchments.

The extent of the impact of COVID-19 on the Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its members, all of which are uncertain and cannot be predicted. Consequently, the Fund's income may decline due to a reduction in membership. At this point, the extent to which COVID-19 may impact the Fund's financial condition or results of operations is uncertain. Based on stress tests performed, the Fund is able to continue as a going concern. Performance of stress tests on the impact that the pandemic may have on the Fund's performance will continue for as long as the pandemic continues.

MOTOR INDUSTRY PENSION FUND
[United States Dollars (USD) Fund]

Form P.P.F 4(1)

Notes to the financial statements
 for the year ended 31 December 2021

2021
 USD

INCOME

I.	Contributions during the year	
	(a) By members	
	(i) current	164 546
	(ii) voluntary	-
	(b) By employers	
	(i) normal	164 546
	(ii) special	82 273
II.	Amounts received on transfer from other funds	-
III.	Income from investments	
	(a) Interest from investments	4 123
	(b) Dividends	
IV.	Net surplus on sale of investments	-
V.	Revaluation income/fairvalue gains on investments	1 424
VI.	Other income	-
	Total income	<u>416 912</u>

Notes to the financial statements
for the year ended 31 December 2021

	2021 USD
EXPENDITURE	
I. Benefits	
(a) Pensions	
(b) Lump sum awards on retirement	-
(c) Lump sum awards on retrenchment	-
(d) Lump sum awards on death	109
(e) Lump sum awards on resignation and dismissal	45
	857
II. GLA premiums paid	18 566
III. Fines and penalties	-
	-
II. Administrative expenditure	
(a) Bank account charges	
(b) Actuarial consultancy fees	331
(b) Audit fees	1 250
(c) IPEC levy	3 206
(d) Investment advisors portfolio management fees	3 365
(e) Custodial fees	393
(f) Administration fees	150
(g) Investment consultant fees	21 081
	-
III. Other Expenditure	-
	-
Total expenses	<u>49 353</u>
Surplus for the financial year	<u><u>367 559</u></u>

Notes to the financial statements
for the year ended 31 December 2021

2021

USD

ASSETS		
I. Operating assets		
(a)	Property	-
(b)	Motor vehicles	-
(c)	Furniture and equipment	-
(d)	Computer systems and hardware	-
(e)	Other	-
II. Non current assets		
(a)	Investment property	
(b)	Ordinary and deferred shares	
	-Quoted	51 428
	-Unquoted	-
(c)	Prescribed assets	-
(d)	Fixed interest securities	-
(e)	Debentures and loans	-
(f)	Units in unit trust schemes	-
(g)	Loans and mortgages on property	-
(h)	Building society shares	-
(i)	Long term receivable	-
(j)	Guaranteed funds	-
II. Current Investments		
(a)	Money market investments	189 579
(b)	Other current assets	38 356
III. Sundry debtors		
(a)	Contribution receivables	77 086
(b)	Interest accrued on investments	-
(c)	Rental debtors	-
VII. Cash on hand and at bank		
		16 372
Total		<u>372 821</u>

Notes to the financial statements
for the year ended 31 December 20212021
USD

LIABILITIES AND ACCUMULATED FUNDS

I. Amount of fund for the year	367 559
III. Provisions	
(a) Actuarial fees	1 250
(b) Audit fees	3 206
IV. Sundry creditors in Zimbabwe	
(a) Investment advisors portfolio management fees payable	247
(b) Administration consultant's fees payable	-
(c) Pending exits	55
(d) Commissioners levy payable	504
Total liabilities and accumulated funds	372 821