2016
ANNUAL REPORT

25 Years
of
Energising Zimbabwe's Exports

Energising Zimbabwe's Export Growth

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the twenty fourth Annual General Meeting of ZimTrade will be held on **Thursday 24 August 2017** at **0830 hours** at Sango Conference Centre, Cresta Lodge, Msasa, Harare for the purpose of transacting the following business:

1. To confirm the Minutes of the Previous Annual General Meeting and consider the Matters Arising thereof
2. To receive the Chairman's Report for the year ended 31 December 2016
3. To receive and approve the Audited Financial Statements and the Auditors' Report for the year ended 31 December 2016
4. To approve the remuneration of the auditors for the year ended 31 December 2016
5. To reappoint PKF Chartered Accountants as auditors for the ensuing year
6. To elect two members of the Board.

In terms of Section 13 of the Constitution, Messrs. W. Chigwada and A. Masenda are due for retirement by rotation.

NB: (Nomination forms are available at the addresses below).

In terms of Section 18.4.5 of the ZimTrade Constitution, a member entitled to attend and vote at this meeting is entitled to appoint a proxy to vote and speak in his/her stead. All proxy forms must be received by ZimTrade before ***1600 hours*** *on* ***21 August 2017****. The forms are available at ZimTrade offices in Harare and Bulawayo.*

By Order of the Board

M. Moyo
COMPANY SECRETARY

HEAD OFFICE
904 Premium Close
Mt. Pleasant Business Park
Harare, Zimbabwe
+263 (4) 369330-41
+263 8677 000 374

REGIONAL OFFICE
48 Josiah Tongogara Street
Bulawayo
Zimbabwe
+263 (9) 66151/62378
+263 8677 000 378

ONLINE
www.tradezimbabwe.com
info@zimtrade.co.zw
ZimTradeAlerts
ZimTrade Zimbabwe

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Corporate Information

About ZimTrade

ZimTrade, the national trade development and promotion organisation, is a unique joint venture partnership between the Private Sector and the Government of Zimbabwe. It was established in 1991.

Our Mandate

To energise Zimbabwe's export growth.

Our Aspiration

To contribute to Zimbabwe's growth and prosperity through developing and catalysing viable and sustainable exports.

Our Values

Focused
Connected
Trusted
Bold

Principal Offices

HEAD OFFICE
904 Premium Close
Mount Pleasant Business Park
P.O. Box 2738
Harare
Tel: +263 (4) 369 330-41
+263 8677 000 374
Email: info@zimtrade.co.zw
Web: www.tradezimbabwe.com

REGIONAL OFFICE
48 Josiah Tongogara Street
P.O. Box 3090
Bulawayo
Tel: +263 (9) 66151
+263 8677 000 378
Email: info@zimtrade.co.zw
Web: www.tradezimbabwe.com

Auditors

PKF CHARTERED ACCOUNTANTS (ZIMBABWE)
8th Floor, Takura House
67 Kwame Nkrumah Avenue
Harare

Legal Practitioners

DMH LEGAL PRACTITIONERS
6th Floor Goldbridge
Eastgate Complex
Harare

Bankers

CBZ BANK LIMITED
Selous Avenue Branch
7 Selous Avenue
Harare

CELEBRATING 25 Years OF ENERGISING ZIMBABWE'S EXPORTS 1991 2016

ZimTrade

How we grow **exports...**

Export Development

We nurture existing and potential exporters to become viable export entities.

Capacity Building

We offer export training programmes that groom companies and develop requisite skills to become export competitive.

Market Intelligence

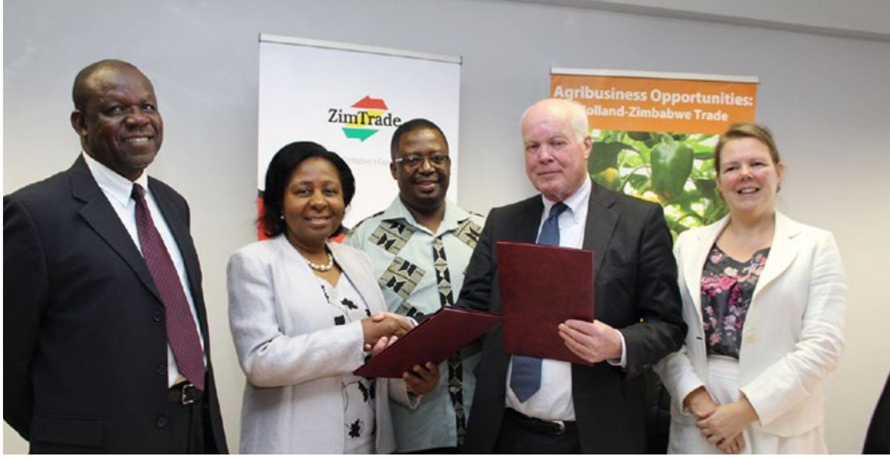
We provide market intelligence through various channels such as the Trade Information Centre; In-house Publications *(Trade Directory of Zimbabwe, Newsletters and Trade User Guides);* as well as the Zimbabwe-EU Business Information Centre (Zim-EBIC).

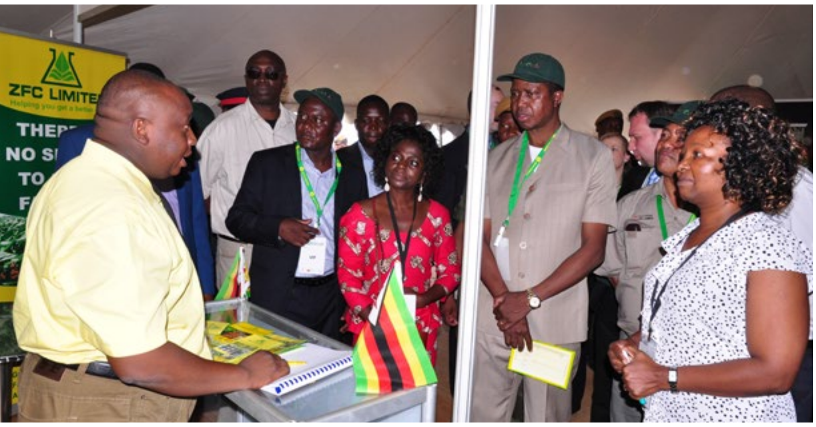
Export Promotion

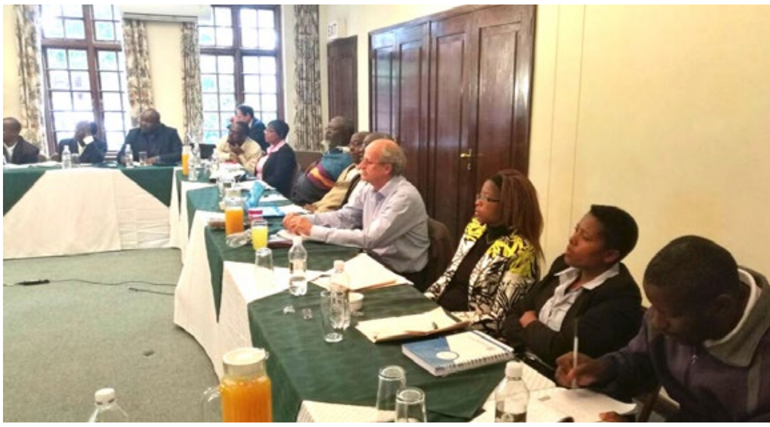
We promote the marketing of Zimbabwean products and services to the global market. We also facilitate and organise participation by local companies in Regional and International Trade Fairs as well as Trade Missions.

Advocacy

We engage relevant stakeholders in order to improve the ease of doing export business.

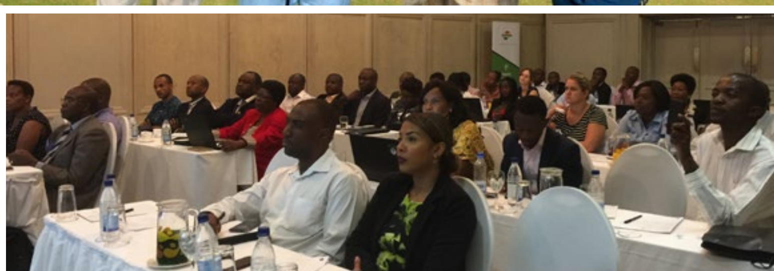






Highlights of the Year

JANUARY • ITC launches SheTrades app • **FEBRUARY** • Zimbabwean Women Entrepreneurs visit The Netherlands • **MARCH** • ZimTrade launches the Market Pointers product • **APRIL** • 2016 Edition of the Trade Directory of Zimbabwe is published • Zimbabwean companies participate at Agritech Expo, Zambia • ZimTrade and PUM sign MoU • **JUNE** • ZimTrade releases Tanzania Market Survey results • Senior Experten Services (SES) Germany offers technical assistance to Zimbabwean companies • Graduation of 20 Zimbabwean business women who attended the Brilliant Entrepreneur Programme • ZimTrade launches the trade information portal through support from the EU and ITC • Export User Guides launched • **JULY** • ZimTrade and ITC add new modules and trainers to the MBIC programme • Twenty companies in the honey sector attend MBIC in Harare • **AUGUST** • Zimbabwean companies clinch deals worth over US$300 000 at the Zambia Agricultural and Commercial Show (ZACS) • Over 20 Midlands based companies attend MBIC in Gweru • **SEPTEMBER** • Over 50 farmers receive technical support from PUM • ZimTrade conducts a market survey in the Democratic Republic of the Congo (DRC) • ZimTrade develops Export Readiness Checker tool • **OCTOBER** • ZimTrade hosts Annual Exporters' Conference and Exporter of the Year Awards • ZimTrade successfully hosts inaugural ProAm golf day • **NOVEMBER** • Over 40 companies register after United Nations Procurement Division (UNPD) Vendor Briefing • ZimTrade hosts Export Awareness seminar in Kwekwe • PUM expert on leather and leather products visits Zimbabwe •



Engagement and Knowledge Sharing

A number of local horticulture farmers and SMEs across the country have benefited from PUM technical interventions.

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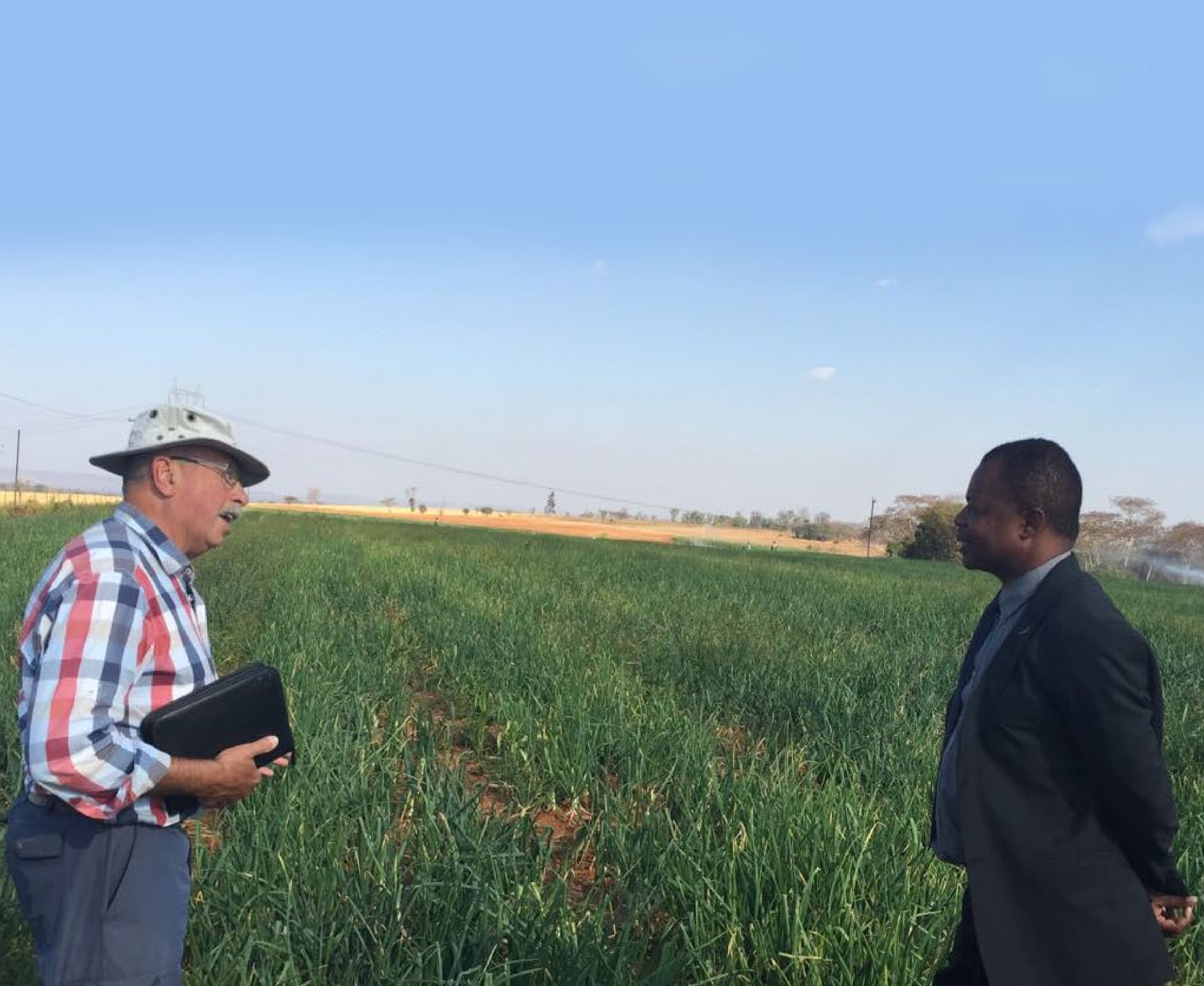
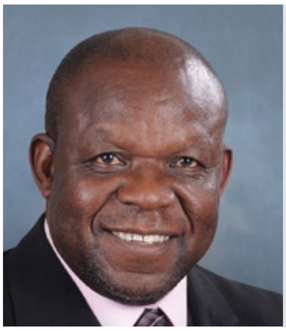


Chairman's Statement



"2016 marks the 25th anniversary of ZimTrade with numerous milestones having been achieved thus far."

LANCE JENA
ZimTrade Chairman

Trading Environment

The macro economic environment continues to face challenges emanating from the low availability of foreign exchange to fund outgoing international payments, business failures, reduction in disposable incomes and more recently the cash crisis, however, the expected positive outturn for the 2016–2017 agricultural season, coming soon after the devastating El Nino induced drought of the 2015-2016 season, is expected to improve prospects for stimulating the national economy.

A number of policy measures in line with Zim-ASSET are being implemented and chief among them is the Rapid Results Approach (RRA), a strategy designed to remove institutional bottlenecks and therefore improve the ease of doing export business. The Programme which is now at the implementation and monitoring stage was championed by the OPC and co-chaired by the Ministry of Industry and Commerce and ZimTrade. In addition, the Confederation of Zimbabwe Industries (CZI) reported that the manufacturing sector's capacity utilisation increased by 18% to 47,4% on the back of reforms introduced through SI 64 of 2016.

Total exports for the year 2016 were US$2.8 billion, an increase of 5% from that recorded in 2015 and imports declined by 13% to close the year at US$5.2 billion. A trade deficit of US$2.4 billion was recorded in 2016, representing a decrease of 28% from that recorded in 2015.

According to the World Economic Forum Global Competitiveness Index (GCI) Report for 2016/17, Zimbabwe's position was largely unchanged moving from number 125 in 2015 to 126 in 2016 out of 138 countries on the global competitiveness rankings. Zimbabwe is ranked 161 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings.

ZimTrade's Performance

2016 marks the 25th anniversary of ZimTrade with numerous milestones having been achieved thus far.

The Trade and Private Sector Development Programme (TPSDP) ended in September 2016 with numerous achievements having been recorded in areas of capacity building.

ZimTrade also concluded its Institutional Assessment, Benchmarking and Performance Improvement Programme for Trade Investment Support Institutions (TISIs), which was coordinated by the International Trade Centre (ITC) and achieved a re-benchmark score of 62.99%, thereby ranking your Trade and Promotion and Export Body in the top quartile of all Trade, Investment and Promotion Organisations (TIPOs) assessed globally.

Total income for the year was US$2 201 489, which is 15% below that of 2015 at US$2 595 816. The Trade Development Surcharge (TDS) remained the main source of income, contributing 97% of the total income. The Board continues to explore measures to ensure efficiency in the collection of the TDS, while also seeking to augment total income through diversifying the revenue streams.

Total expenditure for 2016 was US$2 712 523 representing an increase of 12%, compared to the previous year. Export development expenditure increased by 9% due to increase in the number of export development programmes implemented.

A net deficit of US$511 034 was recorded in 2016 and was fully funded from internal resources.

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ZimTrade

Governance and Directorate

The Organisation is committed to acting in accordance with good corporate governance with the Board being responsible for setting the tone and ensuring that robust governance structures are in place. At the 2016 Annual General Meeting, Mr. M. Juru and Ms. P. Rambanapasi were elected to the Board, replacing Messrs. B. Moyo and J. Youmans. I would like to thank the two former Board members for their contributions during their tenure and wish them well in their future endeavours. May I also take the opportunity to welcome Mr. M.E. Juru and Ms. P. Rambanapasi to the Board and wish them well in their new roles.

Outlook

Going forward, it remains critical for the authorities to follow through on policy pronouncements made in 2016. Furthermore, the implementation of key reforms under the Rapid Results Approach, is expected to contribute to sustainable growth of the economy and more specifically energise exports.

Appreciation

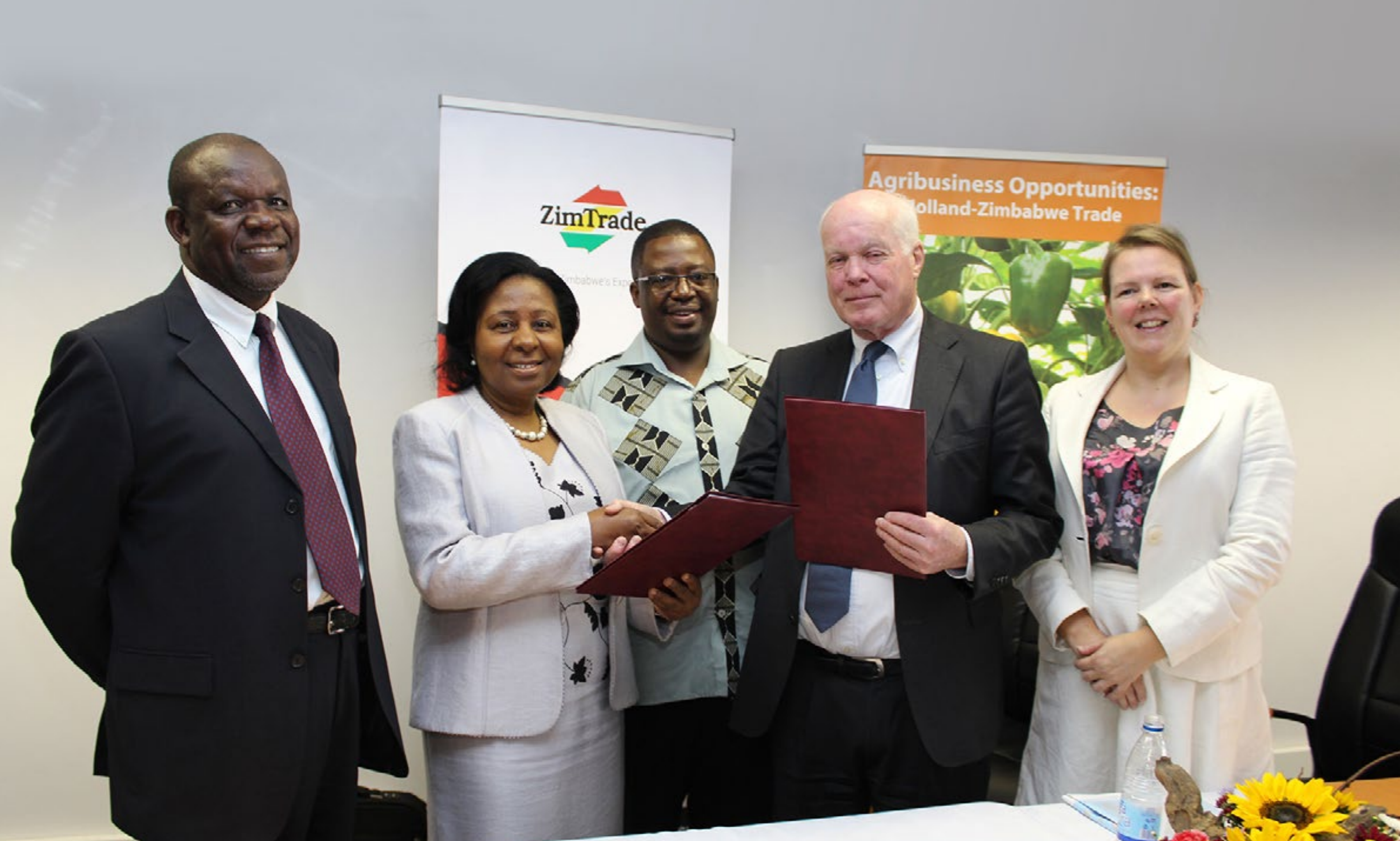
I wish to express my appreciation to the Chief Executive Officer, and all members of staff for their continued dedication to duty. I am also grateful to my fellow Board members for their valuable contributions and support during the year.

Furthermore, I wish to thank our parent Ministry, the Ministry of Industry and Commerce and all our other stakeholders for their continued support.

L. Jena
CHAIRMAN

HARARE

ZimTrade Chairman, Mr. Lance Jena, ZimTrade CEO, Ms. Sithembile P. Pilime, PUM Country Representative, Dr. P. Matondi, PUM Country Coordinator, Mr. F. Gosses, and Her Excellency, the Ambassador of the Kingdom of The Netherlands, Ms. Gera Sneller during the signing of the MoU between ZimTrade and PUM



Chief Executive Officer's Report

> "ZimTrade engaged in various interventions to capacitate the local industry to be export competitive."
>
> **SITHEMBILE P. PILIME**
> ZimTrade CEO

Introduction
In 2016, the operating environment continued to decline due to a number of challenges. There was a squeeze on out-going international payments (Telegraphic Transfers), caused by depletion of currency reserves in the country's Nostro Account, a situation which negatively impacted exporters and importers (especially raw material imports). In addition, inconsistencies in the availability of macro-economic enablers and cumbersome regulations and procedures weighed negatively on the export competitiveness of enterprises.

Trade Performance
During the period under review, the country's total exports amounted to US$2.8 billion, indicating a 4.87% increase from US$2.7 billion recorded in 2015. The total import bill declined by 13.15% from US$6 billion in 2015 to US$5.2 billion in 2016. Subsequently, Zimbabwe's trade deficit decreased by 27.94% from US$3.3 billion in 2015 to US$2.4 billion in the period under review.
Source: Zimstat

Zimbabwe's exports continue to be dominated by primary commodities such as minerals and raw agricultural products as opposed to value-added manufactured products and services. On the other hand, imports are largely made up of consumer goods as opposed to capital equipment and/or inputs into the productive sector.

In 2016, South Africa remained the largest market for Zimbabwean products, absorbing 79% of total exports, followed by Mozambique with a 9% market share, UAE (4%), Zambia (3%), Belgium (2%) and Botswana (1%), among others. On the other hand, major source markets in the same year (2016), were South Africa (41%), Singapore (21%), China (7%), Zambia (3%), India (3%) and Mozambique (3%), among others.

Operations
ZimTrade engaged in various interventions to capacitate the local industry to be export competitive. The Organisation also facilitated for local companies to attend trade shows locally and regionally giving them exposure to export markets.

Trade Fairs and Missions
ZimTrade facilitated the participation of local manufacturing companies in Agritech Expo Zambia, the Zimbabwe International Trade Fair, Africa's Big 7 and Source Africa in South Africa as well as the Zambia Agricultural and Commercial Show (ZACS).

A group of twenty (20) women led enterprises in different sectors was facilitated to participate at a Trade Mission in the Netherlands.

Companies found the Fairs and Missions to be useful and business worth about US$3.9 million was realised.

Technical Intervention
In April 2016, ZimTrade and PUM, a Senior Experts Organisation from The Netherlands, signed a Memorandum of Understanding to provide technical interventions to the horticultural sector to enhance productivity and export competitiveness.

Under the PUM interventions for the Horticultural Sector, an onion expert came into Zimbabwe to assess onion production, with an aim to introduce an Onion Pool System. Demonstration trials were conducted in Birchenough Bridge, with an objective to ensure enough production to meet local demand as well as export surplus. Furthermore, as part of the PUM interventions, an expert in the production and marketing of sugar snap and mange tout peas visited small, medium and large-scale farmers to identify out-growers to work with exporters in order to increase output for export.

The cooperation with PUM was extended to other sectors and there has been notable expansion in the level of support provided to local manufacturers.

As part of the technical support provided so far, PUM has conducted a scoping exercise for the leather sector for more than twenty (20) manufacturers of leather products and footwear in Harare, Marondera, Gweru and Bulawayo. The Leather Expert identified areas that require improvement to enhance operational efficiency for the value chain players.

Furthermore, ZimTrade has also assisted 4 SMEs from the clothing and textiles sectors to access PUM expertise. Feedback received from companies indicated that they were satisfied with the assistance given as it contributed positively towards improving their operational efficiencies.

Capacity Building

Over 397 SMEs and established companies were successfully trained under the Marketing and Branding for International Competitiveness (MBIC) training programme. Feedback from the companies has been positive and the training has enhanced their export skills.

COMESA Regional Integration Support Mechanism (RISM) Project

ZimTrade is working on a Packaging and Labelling Project being funded by COMESA under the EU-funded Regional Integration Support Mechanism (RISM) and coordinated by the Ministry of Industry and Commerce (MIC). The Project is aimed at assisting companies to improve their packaging and labelling to meet international standards.

A Consultant conducted a feasibility study for the sector in order to identify the current status of Zimbabwe's Packaging Sector and recommended interventions that will enhance the sector's competitiveness. Some of the key recommendations put forward were to develop packaging training modules as well as establish a packaging directory and website.

Export Market Surveys

Export market surveys were conducted in Tanzania and the Democratic Republic of Congo to identify trade opportunities and to gather related market information so as to provide guidelines for local manufacturers to penetrate the market.

Trade and Private Sector Development Programme

The Trade and Private Sector Development Programme (TPSDP), which was funded by the European Union and Implemented by the International Trade Centre came to a close in 2016 and ZimTrade achieved the following:

i. Revamped the Trade Information Centre (TIC) (Head Office and Regional Office)
ii. Established the EU-Zimbabwe Business Information Centre (Zim-EBIC)
iii. Upgraded the ZimTrade website and established the Zimbabwe Trade Information Portal (TIP)
iv. Acquired and installed up-to-date ICT hardware to enhance the Trade Information Centre's capacity
v. Developed a fit-for-purpose Client Relationship Management (CRM)
vi. Reviewed and rebranded the Export Marketing Training Programme (EMTP) to the Marketing and Branding for International Competitiveness (MBIC) training programme.
vii. Enhanced ZimTrade's Competitive Intelligence skills

Annual Exporters' Conference and Pro-AM Charity Golf Tournament

ZimTrade successfully held the Annual Exporters' Conference under the theme "Maximising Competitive Advantage to Drive Export-led Growth".

An overall 98% level of satisfaction was registered and the Resolutions focused on the following: the need to implement the Rapid Results Initiative (RRI) to improve the ease of doing export business; ZimTrade should contribute towards the development and implementation of a National Export Strategy; and, create awareness of developments impacting Export Trade to industry.

The 2016 ZimTrade Pro-Am Charity Golf Tournament was successfully held on 21 October 2016. The event raised US$1 000.00, which was channeled towards the purchase of school stationery for the Emerald Hill Children's Home and School as part of ZimTrade's Corporate Social Responsibility.

Client Satisfaction Survey

ZimTrade conducted its first Client Satisfaction Survey, which was aimed at assessing satisfaction levels of clients and stakeholders as well as identifying areas for improvement.

The Organisation attained an overall client satisfaction index of 69%. According to the researchers, for a complex service organisation like ZimTrade, this is considered an excellent score.

Performance Improvement Road Map (PIRM)

The organisation was re-benchmarked in September 2016. ZimTrade achieved a score of 62.99%, which was above the target of 61% and up from 30.83% attained in 2013. This resulted in ZimTrade being ranked the top performing TPO in Africa out of eighteen (18) TPOs and in the top quartile globally out of all TPOs that have so far been assessed by the ITC.

Outlook

ZimTrade continues to seek solutions to inspire a world class service delivery to its growing clientele. The operating environment needs attention especially on macro-economic fundamentals to ensure an improvement in the Ease of Doing Export Business.

Appreciation

I would like to express my appreciation to the ZimTrade Board for their guidance, as well as to the Ministry of Industry & Commerce and Stakeholders for their continued support.
I wish to express gratitude to our Development Cooperation Partners and Sponsors for their unwavering support that has facilitated the successful execution of our programmes in positively impacting our industry. These include the EU, COMESA, International Trade Centre and Stanbic Bank, only to mention a few.

I would also like to thank the ZimTrade Management and Staff for their commitment to a high standard of service delivery and hard work.

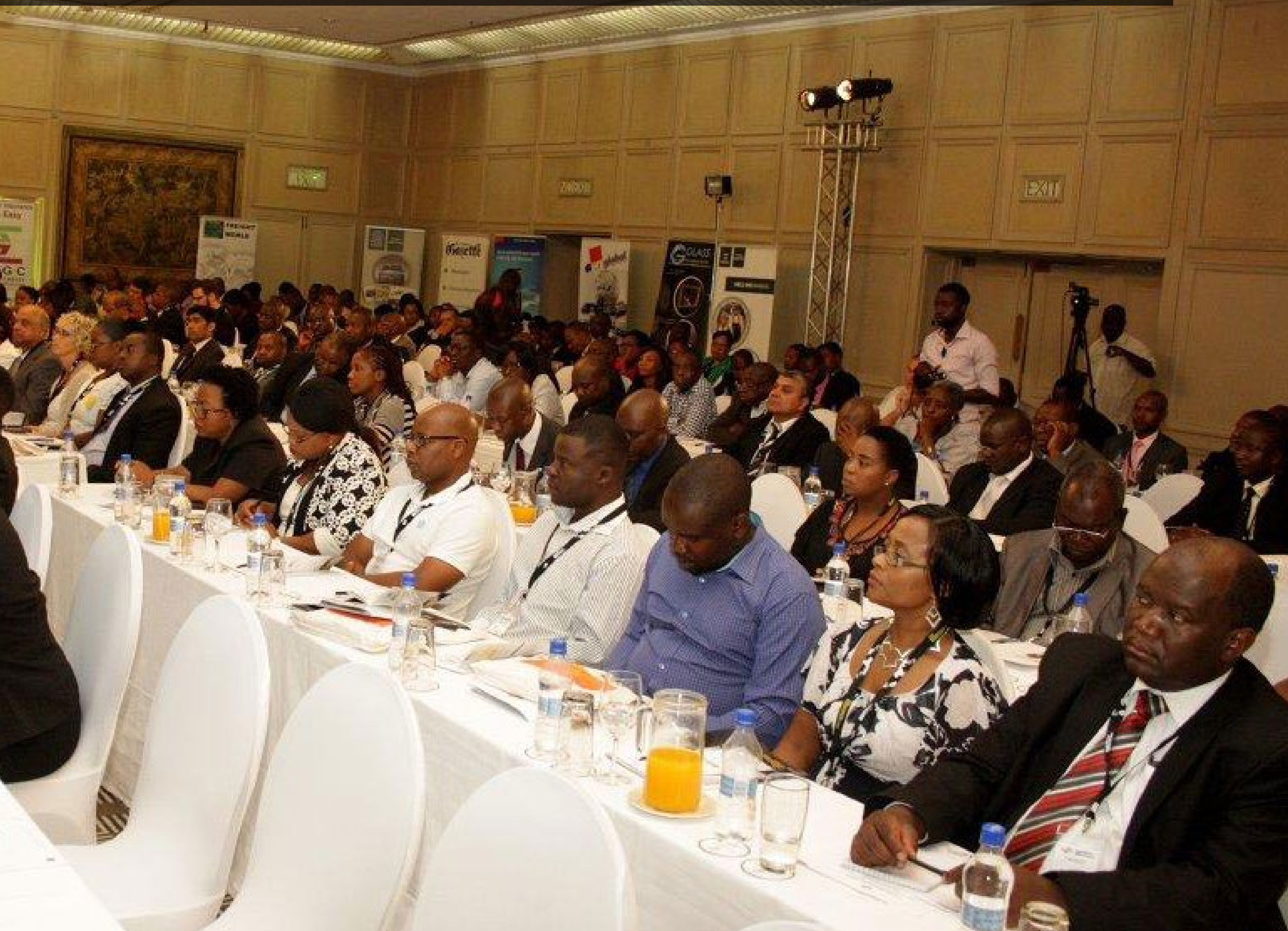
S. P. Pilime (Ms.)
CHIEF EXECUTIVE OFFICER

Empowerment

Empowering women through the Dutch funded Brilliant Entrepreneur Programme.

Advocacy

The Annual Exporters' Conference provides a platform for stakeholders to discuss and recommend solutions to the challenges affecting export competitiveness.



Corporate Governance Report

INTRODUCTION

In accordance with the Organisation's Constitution, the Organisation operates through its Board of Directors and Management. The Board is responsible for the overall corporate governance of ZimTrade, including adopting and continually improving the appropriate policies and procedures designed to ensure that ZimTrade is properly managed to protect and enhance the interests of all stakeholders.

The Board is committed to compliance with Corporate Governance leading practices, it recognises that governance is about effective and ethical leadership, the outcomes of which are sustained value creation, success and longevity. The Board seeks to go beyond "compliance" through the adoption, integration and embedding of the spirit and principles of governance (i.e. fairness, accountability, integrity, responsibility and transparency.

BOARD OF DIRECTORS

The Board comprises nine Non-Executive Directors and two Executive Directors. In terms of section 11 of the ZimTrade Constitution, 4 of the Directors are elected by the ZimTrade members at Annual General Meetings (AGMs) and 5, including the Chairman, are appointed by the Minister of Industry and Commerce in the Government of Zimbabwe. The Chief Executive Officer as well as the Finance Director are ex-officio members of the Board. The Finance Director is the Secretary to the Board.

According to the Constitution, 2 of the Directors elected at the AGM retire after two years; 3 of the Directors appointed by the Minister retire after the first two years with the remaining two retiring after the second two years in office.

RESPONSIBILITIES OF THE BOARD

The Board of Directors is governed by the Constitution which spells out its duties and responsibilities. The Board is responsible for giving direction to the Organisation through setting of the overall strategy, key policies and risk parameters. It is also responsible for approving strategic and operational budgets as well as acquisitions and disposals. The Board constituted the Export Development, Finance & Audit and Human Resources & Premises Committees to assist it in the discharge of its responsibilities.

Membership of each of the Board Committees comprise three Non-Executive Directors, with one of them chairing. The Board Committees are charged with specific responsibilities under their respective Terms of Reference. Committee chairmen report on the proceedings of their committees at the next meeting of the Board.

Finance and Audit Board Committee

The Committee comprises 3 non-executive Directors and meets at least four times per year. The Committee is charged with the key corporate governance issues such as risk management, review of the effectiveness of internal controls, budget approval and review, compliance as well as considering internal and external audit reports. The committee meets annually with the Company's external auditors to discuss accounting, auditing, financial reporting and risk management matters. The external and internal auditors have unrestricted access to the Committee.

Human Resources and Premises Board Committee

The Committee comprises 3 non-executive Directors and meets at least four times per year. The Committee is responsible for the assessment and approval of the Organisation's remuneration strategy and to review the short-term and long-term remuneration of executive directors and senior executives. In addition, the Committee is responsible for matters relating to the Organisation's premises.

Export Development Board Committee

The Committee comprises 3 non-executive Directors and meets at least four times per year. The Committee assists the Board through providing strategic direction in the development and review of the Annual Work Programme.

CONFLICT OF INTEREST

Each Director is required to notify of actual and potential conflicts of interest to the Board as soon as they become aware of them. Every Director signs a Declaration of Interest Form each quarter before the main Board meeting.

ATTENDANCE AT MEETINGS OF THE BOARD AND BOARD COMMITTEES IN THE 2016 FINANCIAL YEAR.

During the period under review, 4 scheduled Board meetings were held. During the same period, 10 scheduled Board Committee meetings were held.

Scheduled Board and Board Committee meetings Attendance Record

MAIN BOARD

Board Member	Attendance
L. Jena	4/4
S. P. Pilime	4/4
M. Moyo	3/3
W. Chigwada	4/4
M. E. Juru*	1/1
H. Kuzvinzwa	3/4
B. Mafusire	3/4
A. Masenda	4/4
B. Moyo**	3/3
O. Mutizhe	3/4
P. Rambanapasi*	1/1
J. Youmans**	2/3
C. Zhanje	3/4

EXPORT DEVELOPMENT BOARD COMMITTEE

Board Member	Attendance
B. Moyo**	2/2
S.P Pilime	3/3
M. Moyo	2/2
W. Chigwada	1/1
P. Rambanapasi*	1/1
J. Youmans**	1/2
C. Zhanje	3/3

FINANCE AND AUDIT BOARD COMMITTEE

Board Member	Attendance
O. Mutizhe	4/4
S. P. Pilime	4/4
M. Moyo	3/3
W. Chigwada	4/4
L. Jena	3/4

HUMAN RESOURCES & PREMISES BOARD COMMITTEE

Board Member	Attendance
H. Kuzvinzwa	3/3
S. P. Pilime	3/3
M. Moyo	2/2
B. Mafusire	2/3
A. Masenda	3/3

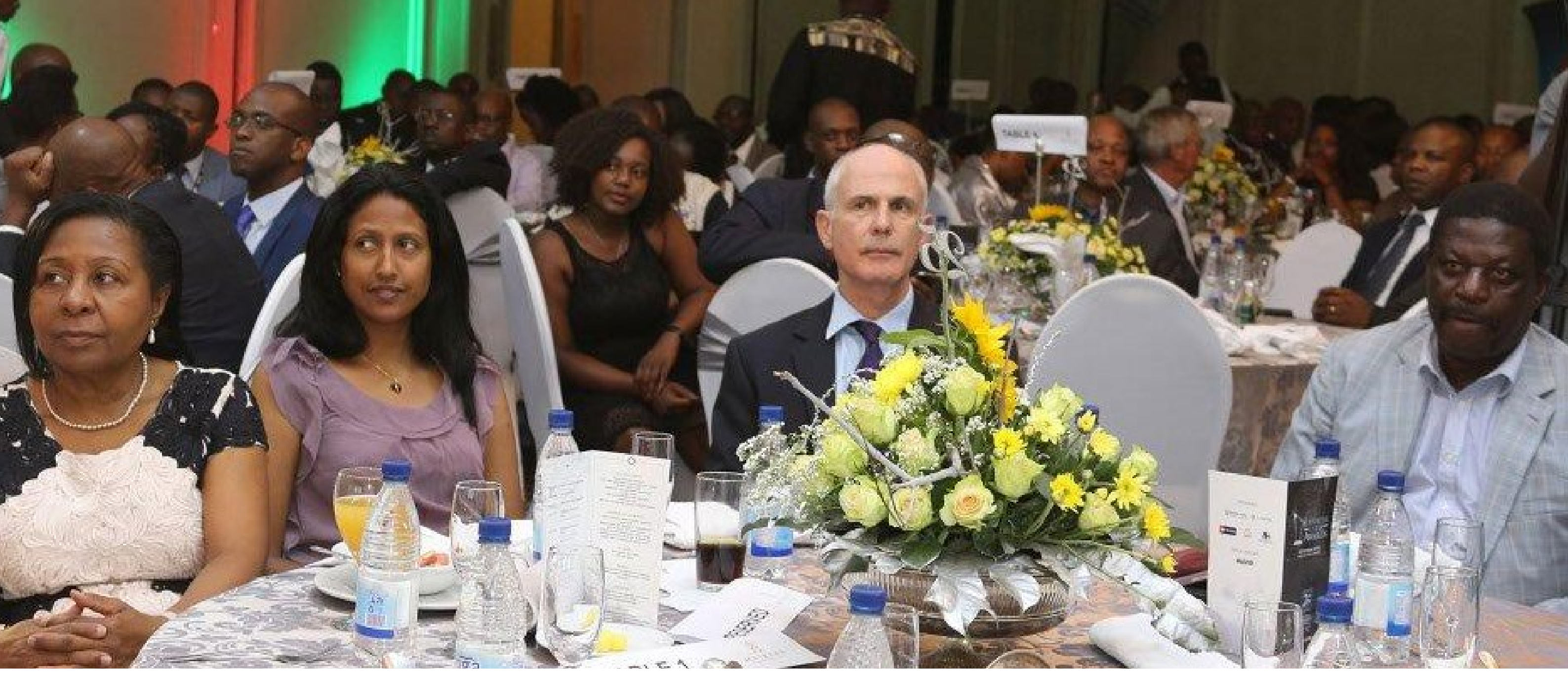
S. P. Pilime and M. Moyo are ex-officio members of the Board.

* *M. E. Juru and P. Rambanapasi were elected to the Board on 30 November 2016.*

** *B. Moyo and J. Youmans stepped down from the Board on 30 November 2016.*

M. Moyo
COMPANY SECRETARY

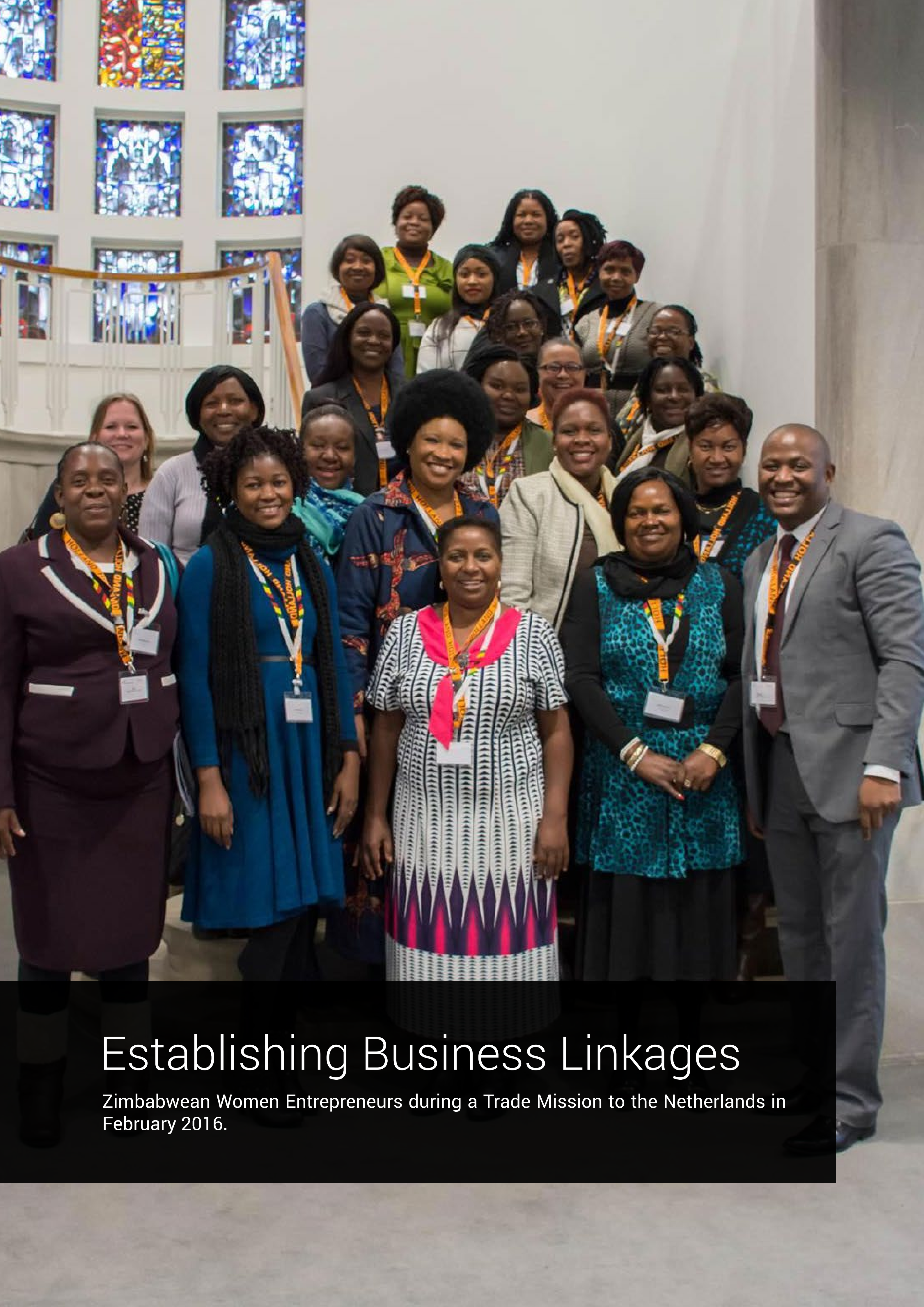
12 April 2017



Celebrating a milestone

25 Years

of maximising competitive advantage
to drive export-led growth.



Establishing Business Linkages

Zimbabwean Women Entrepreneurs during a Trade Mission to the Netherlands in February 2016.

Board of Directors

L. Jena
CHAIRMAN

S. P. Pilime (ex-officio)
CHIEF EXECUTIVE OFFICER

M. Moyo (ex-officio)
COMPANY SECRETARY
(Appointed 01/04/2016)

W. Chigwada
NON-EXECUTIVE

H. Kuzvinzwa
NON-EXECUTIVE

M. E. Juru
NON-EXECUTIVE
(Effective 30/11/2016)

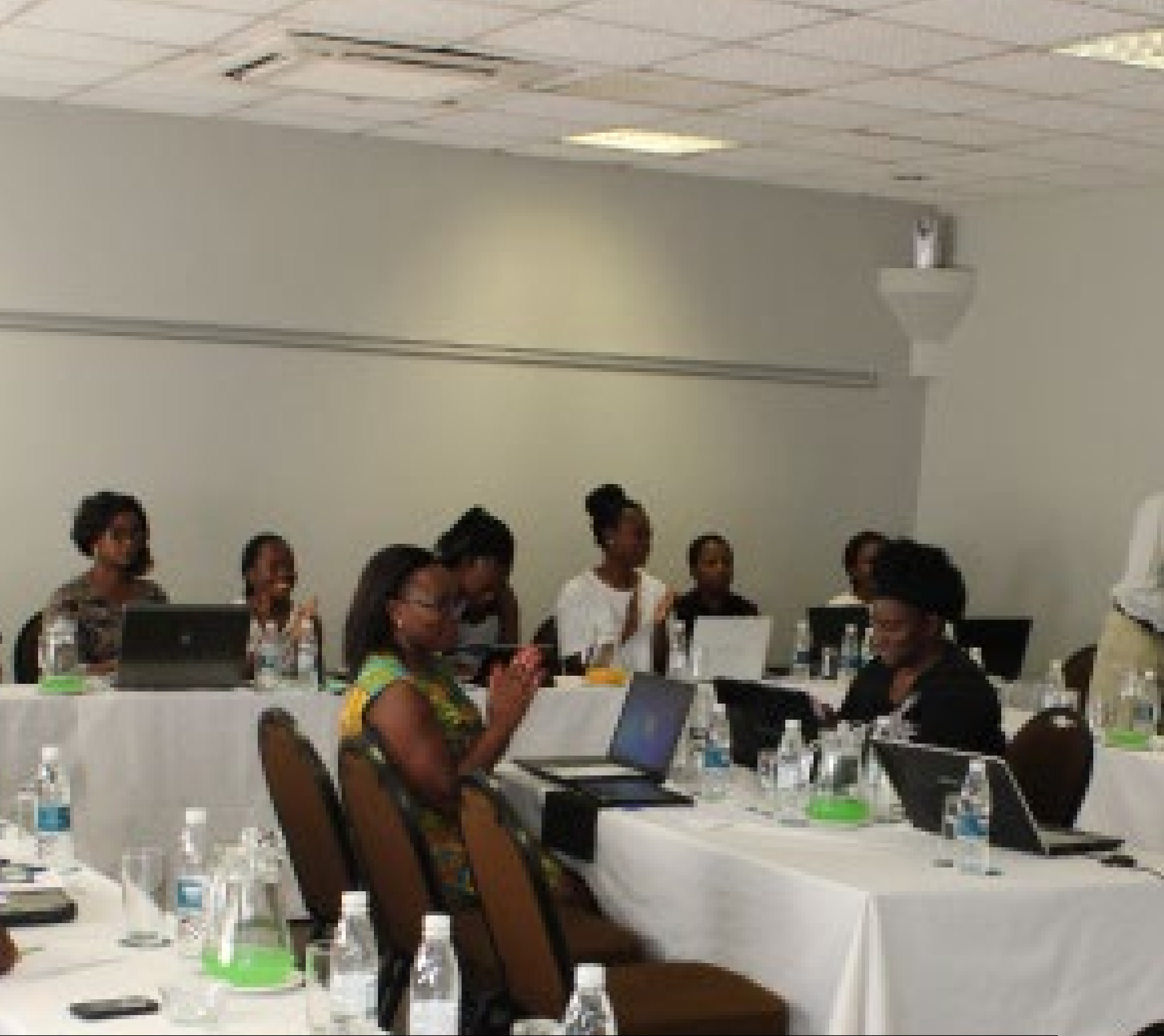
B. Mafusire
NON-EXECUTIVE

A. Masenda
NON-EXECUTIVE

O. Mutizhe
NON-EXECUTIVE

P. Rambanapasi
NON-EXECUTIVE
(Effective 30/11/2016)

C. Zhanje
NON-EXECUTIVE



Trade Competitiveness

A number of entrepreneurs and companies countrywide are making bold steps towards enhancing export competitiveness through capacity building initiatives such as the Marketing and Branding for International Competitiveness (MBIC) programme.

CELEBRATING 25 Years OF ENERGISING ZIMBABWE'S EXPORTS 1991 2016

Management

S. P. Pilime
CHIEF EXECUTIVE OFFICER

A. Majuru
DIRECTOR-CLIENT SERVICE DELIVERY

M. Moyo (ex-officio)
DIRECTOR-FINANCE

N. Savado
DIRECTOR-HUMAN RESOURCES AND ADMINISTRATION

D. Chinamasa
MONITORING AND EVALUATION EXECUTIVE

D. Kamutenga
MANAGER-COMMUNICATIONS

V. Mafu
MANAGER-EXPORT PROMOTION

T. Marufu
MANAGER-FINANCE

T. Mbizvo
MANAGER-ICT

P. Muzenda
MANAGER-EXPORT DEVELOPMENT

S. Nkala
MANAGER-REGIONAL OFFICE

C. Tsimba
MANAGER-MARKET INFORMATION

CELEBRATING 25 Years OF ENERGISING ZIMBABWE'S EXPORTS 1991 2016

ZimTrade

Financial Statements

For the year ended 31 December 2016

Directors' Responsibility and Approval

The directors are required, in terms of the organisation's Constitution, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the organisation's cash flow forecast for the year to 31 December 2017 and, in the light of this review and the current financial position, they are satisfied that the organisation has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on pages 4 to 6.

The financials statements were prepared under the supervision of the Director Finance, Mr M. Moyo, ACCA (Reg. number 2771015), PAAB (Reg number 04130).

The financial statements set out on pages 27 to 45, which have been prepared on the going concern basis, were approved by the board of directors on 12 April 2017 and were signed on its behalf by:

Approval of financial statements

L. Jena
CHAIRMAN

S. P. Pilime (Ms.)
CHIEF EXECUTIVE OFFICER

12 April 2017

Independent Auditor's Report

To the members of ZIMTRADE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ZimTrade set out on page 27 to 45, which comprise the statement of financial position as at 31 December 2016, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the ZimTrade financial statements present fairly, in all material respects, the financial position of ZimTrade as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Trade Development Surcharge Act 1991 (Chapter 14:22).

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 below. We are independent of ZimTrade in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Matter	**Why the matter was determined to be a key audit matter**	**How the matter was addressed in the audit**
Completeness of Trade Development Surcharge	ZimTrade does not have prior knowledge of TDS that is due to it before receiving returns from the banks that collect the amount on its behalf. TDS is material amount in the financial statements. TDS is collected on behalf of ZimTrade by a number of registered banks in Zimbabwe. To ensure the completeness of this income reference is made to external documents from the banks concerned as well as returns made to Reserve Bank of Zimbabwe by the concerned bank.	We obtained third party documentation from the Reserve Bank of Zimbabwe detailing the total value of all qualifying exports and imports that they received during the year. We recomputed the amount due as TDS of that and reviewed that the result was correctly allocated in terms of the Trade Development Surcharge Act (Chapter 14:22). The amounts for TDS are correctly reported in these financial statements.
Potential VAT liability	There is a potential liability relating to VAT on the Trade development surcharge income earned by ZimTrade over the years.	We have reviewed the correspondence between ZimTrade and ZIMRA as well as with the Ministry of Industry and Commerce wherein ZimTrade was applying for a tax exemption and we reviewed that these have been appropriately disclosed in the financial statements together with the status and detail. Note 14 provides details on the VAT matter.

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Emphasis of matter
Without qualifying our opinion, we draw attention to Note 14 to the financial statements where the details on Value Added Tax are noted.

Other Information
The directors are responsible for the other information. The other information comprises the Management report. The other information does not include the financial statements and our auditor's opinion thereon. Our opinion on the financial statement does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and 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 ZimTrade'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 ZimTrade or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism 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 ZimTrade'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 ZimTrade's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ZimTrade 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.

Independent Auditor's Report

Obtain sufficient audit evidence regarding the financial information of ZimTrade or business activities of ZimTrade to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of ZimTrade'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 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.

The engagement partner on the audit resulting in this independent auditor's report is Lewis Hussein.

PKF

PKF Chartered Accountants (Zimbabwe)
Registered Public Auditors (Zimbabwe)
Harare

Date: 08 May 2017

Per: Lewis Hussein
Engagement Partner
Registered Public Auditor (Zimbabwe)
PAAB Practicing number of Engagement Partner: 0347

Statement of Financial Position

as at 31 December 2016

	Note(s)	2016 $	2015 $
Assets			
Non-Current Assets			
Property, plant and equipment	2	639,553	722,246
Current Assets			
Inventories	3	13,332	17,819
Trade and other receivables	4	65,510	64,174
Prepayments		25,899	29,643
Cash and cash equivalents	5	1,076,204	1,436,283
		1,180,945	**1,547,919**
Total Assets		**1,820,498**	**2,270,165**
Equity and Liabilities			
Equity			
Reserves		70,476	70,476
Accumulated surplus		1,547,303	2,058,337
		1,617,779	**2,128,813**
Liabilities			
Current Liabilities			
Trade and other payables	6	202,719	141,352
Total Equity and Liabilities		**1,820,498**	**2,270,165**

The financial statements and the notes on pages 27 to 45 were approved by the Board of Directors on 12 April 2017 and were signed on its behalf by:

L. Jena
CHAIRMAN

S. P. Pilime (Ms.)
CHIEF EXECUTIVE OFFICER

12 April 2017

Statement of Surplus or Deficit and Other Comprehensive Income

for the year ended 31 December 2016

	Note(s)	2016 $	2015 $
Revenue			
Trade development surcharge		2,125,433	2,470,450
Finance income		19,665	42,349
Fees for services and publication sales		16,207	31,710
Donations		11,150	23,000
Event participation fees		15,131	24,997
Other income		13,903	3,310
		2,201,489	**2,595,816**
Operating expenses	**8**		
Board and governance expenses		(103,612)	(103,500)
Employment expenses- administration		(408,000)	(287,743)
Employment expenses- direct export development		(767,181)	(662,144)
Direct export development expenses		(1,023,559)	(946,305)
General administration expenses		(410,171)	(422,317)
		(2,712,523)	**(2,422,009)**
(Deficit)/ Surplus for the year		**(511,034)**	**173,807**
Other comprehensive surplus (deficit)		-	-
Total comprehensive (deficit) surplus for the year		**(511,034)**	**173,807**
Total comprehensive (deficit) surplus for the year		(511,034)	173,807

Statement of Changes in Reserves

for the year ended 31 December 2016

	Revaluation reserve $	Retained income $	**Total equity $**
Balance at 01 January 2015	**70,476**	**1,884,530**	**1,955,006**
Surplus for the year	-	173,807	173,807
Other comprehensive surplus	-	-	-
Total comprehensive surplus for the year	**70,476**	**2,058,337**	**2,128,813**
Balance at 01 January 2016	**70,476**	**2,058,337**	**2,128,813**
Deficit for the year	-	(511,034)	(511,034)
Other comprehensive surplus	-	-	-
Total comprehensive deficit for the year	**-**	**(511,034)**	**(511,034)**
Balance at 31 December 2016	**70,476**	**1,547,303**	**1,617,779**

Statement of Cash Flows

for the year ended 31 December 2016

	Note(s)	2016 $	2015 $
Cash flows from operating activities			
(Deficit) Surplus for the year		(511,034)	173,807
Adjustments for:			
Depreciation and amortisation		260,391	216,329
Loss on disposal of property, plant and equipment		918	5,717
Interest received		(19,665)	(42,349)
Changes in working capital:			
Decrease in inventories		4,486	387
Increase in trade and other receivables		(1,336)	(14,877)
Decrease/ (Increase) in prepayments		3,744	(10,417)
Increase in trade and other payables		61,367	2,469
		(201,129)	**331,066**
Interest income		19,665	42,349
Net cash from operating activities		**(181,464)**	**373,415**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(178,615)	(264,756)
Sale of property, plant and equipment	2	-	34,042
Net cash used in investing activities		**(178,615)**	**(230,714)**
Total cash movement for the year		**(360,079)**	**142,701**
Cash at the beginning of the year		1,436,283	1,293,582
Total cash at end of the year	5	**1,076,204**	**1,436,283**

Accounting Policies

for the year ended 31 December 2016

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Trade Development Surcharge Act 1991 (Chapter 14:22). The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in US Dollars.

These accounting policies are consistent with the previous period.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Accounts receivable

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

Residual values and useful lives

The organisation is required to assess the remaining useful lives of its property, vehicles and equipment on an annual basis. This affects the amount of depreciation that is recognised in the statement of financial position. Management assessed residual values at nil for equipment as it intends to use the assets until the end of their useful economic lives.

Impairment testing

The organisation assesses its property, vehicles and equipment at each reporting date. Impairment testing is an area involving management's judgement, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

VAT estimates

VAT estimates were not provided for as ZimTrade is confident that their revenue is of a tax nature hence non-vatable.

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Property, plant and equipment is carried at cost or valuation less accumulated depreciation and any impairment losses.

Accounting Policies (continued)

for the year ended 31 December 2016

1.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Item	**Average useful life**
Freehold buildings	2% per annum
Leasehold improvements	33% per annum
Furniture and fixtures	10% per annum
Motor vehicles	25% per annum
Office equipment	10% per annum
Computer equipment	33% per annum

Land is not depreciated.

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

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

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

1.3 LEASEHOLD IMPROVEMENTS
Leasehold improvements are depreciated on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Leasehold improvements do not include maintenance and repairs done in the normal course of the business. Leasehold improvements do not have a residual value. Improvements made in lieu of rent should be expensed in the period incurred.

1.4 FINANCIAL INSTRUMENTS

Classification
The organisation classifies financial assets and financial liabilities into one of the following categories discussed below, depending on the purpose for which the asset was acquired. The organisation has not classified any of its financial assets as held to maturity;

- Loans and receivables
- Cash and cash equivalents
- Financial liabilities measured at amortised cost

Initial recognition and measurement
Financial instruments are recognised initially when the organisation becomes a party to the contractual provisions of the instruments.

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

Accounting Policies (continued)

for the year ended 31 December 2016

Financial instruments are measured initially at fair value.

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

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

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.
Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the organisation has transferred substantially all risks and rewards of ownership. Gains and losses are recognised in statement of surplus or deficit when the financial assets are derecognised or impaired.

Impairment of financial assets
At each reporting date the organisation assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.
For amounts due to the organisation, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to employees
These financial assets are classified as loans and receivables.

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

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

Accounting Policies (continued)

for the year ended 31 December 2016

Trade and other receivables are classified as loans and receivables.

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

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

1.5 LEASES
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 INVENTORIES
Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The organisation's inventories comprise of stationery and fuel coupons.

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

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Accounting Policies (continued)

for the year ended 31 December 2016

1.8 EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

Defined contribution plans

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

1.9 PROVISIONS AND CONTINGENCIES

Provisions

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.
Provisions are not recognised for future operating losses.

Contingent assets

Contingent assets are possible assets whose existence will only be confirmed by future events not wholly within the control of the organisation and are not recognized as assets until the realisation of income is virtually certain.

Contingent liabilities

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurence of one or more uncertain future events that, however, are beyond the control of the organisation. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made. Provision for this litigation would be made at such a time as an unfavourable outcome becomes probable and the amount reasonable estimated.

1.10 REVENUE

Revenue comprises the fair value of consideration received or receivable for services in the ordinary course of the organisation's activities. Revenue is recognised as follows:

Trade development surcharge levy

The trade development surcharge levy is accounted for on a receipt basis. The Trade development surcharge levy is calculated at 0.1% of free on board value of goods, which is allocated as 70% to ZimTrade and 30% to Competition and Tariff Commission (CTC). The surcharge is collected by banks on behalf of the organisation and the Trade Development Surcharge Act does not give ZimTrade absolute control over what is recorded by the banks.

Accounting Policies (continued)

for the year ended 31 December 2016

Government grants
The organisation's government grants are related to income. These are recognised in profit and loss on a systematic basis over the period in which the organisation has expensed the related costs for which the grants are intended to compensate.

Donations
Donations are recognised on a receipt basis.

Interest income
Interest income is recognized on a time proportion basis taking account of the principal outstanding and effective rate over the period to maturity.

Other income
Other income is recognised on an accrual basis.

1.11 TRANSLATION OF FOREIGN CURRENCIES

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

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

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

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

1.12 CHANGES IN ACCOUNTING POLICY

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

New Standards and interpretations

1.12.1 Standards and interpretations effective and adopted in the current year

IAS 1 Presentation of Financial Statements
Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.

IAS 24 Related Party Disclosure
Annual improvements 2010-2012 cycle: Amendments to the definitions and disclosure requirements for key management personnel.

IAS 32 Financial Instruments : Presentation
Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extend to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.

Accounting Policies (continued)

for the year ended 31 December 2016

IAS 36 Impairment of Assets
Amendments to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

1.12.2 Standards and interpretations not yet effective
The organisation has decided not to early adopt the following standards and interpretations, which have been published and are mandatory for the organisation's accounting periods beginning on or after 1 January 2016 and or later periods.

IFRS 9 Financial Instruments

A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and measurement, Impairment Hedge

Accounting and Derecognition:
a) IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried foward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
b) The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.
c) IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
d) IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

IFRS 15 Revenue from Contracts from Customers
New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.

The new standard will also result in an enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The new standard supersedes:
- a) IAS11 Construction Contracts
- b) IAS 18 Revenue
- c) IFRIC 13 Customer Loyalty Programmes
- d) IFRIC 15 Agreements for the Construction of Real Estate;
- e) IFRIC 18 Transfer of Assets from Customers and;
- f) SIC-31 Revenue -Barter Transactions Involving Advertising Services

IFRS 16 Leases
The new standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is

required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use asset similarly to other financial assets such as property, plant and equipment and lease liability. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows, applying IAS 7: Statement of cash flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes the following Standards and Interpretations:

a) IAS 17 Leases;
b) IFRIC 4 Determining whether an Arrangement contains a Lease;
c) SIC-15 Operating Leases-Incentives; and
d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IAS 1 Presentation of Financial Statements
Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order is information presented in the financial disclosures.

IAS 16 Property, plant and equipment
Amendments to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plant in the scope of IAS 16 Property, plant and equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.

1.13 INCOME TAX

The organisation is not liable for income tax as it is exempt in terms of the 3rd Schedule of the Income Tax Act (Chapter 23:06).

Notes to the Financial Statements

for the year ended 31 December 2016

2. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	34,808	-	34,808	34,808	-	34,808
Freehold buildings	65,000	(6,500)	58,500	65,000	(5,200)	59,800
Leasehold improvements	83,389	(77,076)	6,314	74,017	(57,874)	16,143
Furniture and fittings	194,838	(42,501)	152,337	156,785	(24,045)	132,740
Motor vehicles	815,694	(507,772)	307,922	697,364	(312,453)	384,911
Office equipment	89,504	(26,095)	63,409	77,310	(17,296)	60,014
Computer equipment	66,770	(50,507)	16,263	67,389	(33,559)	33,830
Total	**1,350,003**	**(710,451)**	**639,553**	**1,172,673**	**(450,427)**	**722,246**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Accumulated depreciation on disposal	Total
Land	34,808	-	-	-	-	34,808
Freehold buildings	59,800	-	-	(1,300)	-	58,500
Leasehold improvements	16,143	9,372	-	(19,202)	-	6,313
Furniture and fittings	132,740	38,053	-	(18,457)	-	152,337
Motor vehicles	384,911	118,330	-	(195,318)	-	307,922
Office equipment	66,816	5,393	-	(8,799)	-	63,410
Computer equipment	27,028	7,467	(1,285)	(17,315)	367	16,263
	722,246	**178,615**	**(1,285)**	**(260,390)**	**367**	**639,553**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Accumulated depreciation on disposal	Total
Land	34,808	-	-	-	-	34,808
Freehold buidings	61,100	-	-	(1,300)	-	59,800
Leasehold improvements	41,660	-	-	(25,517)	-	16,143
Furniture and fittings	123,624	27,117	(4,823)	(14,763)	1,585	132,740
Motor vehicles	354,211	210,091	(75,481)	(150,235)	46,325	384,911
Office equipment	67,356	6,222	(7,809)	(8,279)	2,525	60,014
Computer equipment	30,818	21,326	(4,797)	(16,235)	2,717	33,830
	713,577	**264,756**	**(92,910)**	**(216,329)**	**53,152**	**722,246**

3. Inventories

Fuel	4,364	6,738
Stationery	8,968	11,081
	13,332	**17,819**

4. Trade and other receivables

Staff loans	57,068	60,879
Other receivables	19,430	23,073
Provision for bad debts	(10,988)	(19,778)
	65,510	**64,174**

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 $	2015 $

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016 $	2015 $
Cash on hand	34	1,086
Bank balances	487,650	864,129
Money market investments	588,520	571,068
	1,076,204	**1,436,283**

ZimTrade has money market investments with CABS and CBZ Bank. CABS investment has a maturity period of 30 days and earns interest at a rate of 1-2% per annum. CBZ Banks' Cash Plus Investment Account earns interest at a rate of 8% per annum and is operated as a sinking fund which does not have a fixed maturity date.

6. Trade and other payables

	2016 $	2015 $
Accrued leave pay	69,853	55,500
Other payables	36,586	63,831
Payroll related accruals	46,817	3,529
Service gratuity	46,830	18,015
Withholding taxes	2,633	477
	202,719	**141,352**

7. Financial assets and liabilities by category

Qualitative disclosures of the credit risk in relation to financial assets and financial liabilities are set out below:

Financial assets	**Carrying value 2016 US$**	**Maximum exposure 2016 US$**	**Carrying value 2015 US$**	**Maximum exposure 2015 US$**
Accounts receivable	65,510	65,510	64,174	64,174
Money market investments	588,520	588,520	571,068	571,068
Bank balances	487,650	487,650	864,129	864,129
	1,141,680	**1,141,680**	**1,499,371**	**1,499,371**

Financial liabilities	**Up to 3 months 2016 US$**	**Between 3 and 12 months 2016 US$**	**Up to 3 months 2015 US$**	**Between 3 and 12 months 2015 US$**
Accounts payable	202,719	-	141,352	-

8. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

8. Operating (deficit) surplus (continued)

	2016 $	2015 $
Board and governance expenses		
External audit fees	13,550	9,028
Special remuneration audit fees	-	1,725
Internal audit	-	6,412
Board fees	54,094	62,756
Board travel and subsistence	18,293	15,488
Board training and visibility	7,014	-
Annual general meeting costs	10,661	8,091
	103,612	**103,500**
Employment expenses - administration		
Salaries and allowances	325,743	223,559
Pension costs	18,548	13,928
Zimdef and Nec contributions	3,643	4,024
Medical aid	23,551	11,313
Funeral assurance contributions	718	620
Bonus pay provision	13,334	9,917
Leave pay provision	3,895	6,582
Recruitment costs	8,480	7,546
Staff welfare	10,088	10,254
	408,000	**287,743**
Employment expenses - direct export development		
Salaries and allowances	558,416	460,653
Pension costs	55,501	46,520
Zimdef and Nec contributions	10,930	12,071
Medical aid	39,126	40,749
Funeral assurance contribution	2,153	1,859
Bonus pay provision	40,001	27,150
Leave pay provision	11,684	19,744
Recruitment costs	25,440	22,636
Staff welfare	23,930	30,762
	767,181	**662,144**
Direct export development expenses		
Exhibitions, fairs and missions	282,777	202,752
Exporter's conference	70,102	74,890
Market surveys- foreign	49,288	37,722
Networking/ Benchmarking programmes	695	8,492
Publications/ Certificates of origin	15,639	19,885
Quality management systems - ISO certification	23,711	23,506
Seminars and workshops	34,937	48,056
SME Capacity building programmes	78,219	76,849
Sponsorship (Export promotion)	-	5,000
Travelling and subsistence - external	3,489	37,668
Client satisfaction survey	-	17,967
Professional fees, consultancy, and business development	38,643	24,695
Promotions, advertising and publicity	47,120	59,179
Telecommunications	47,372	46,918
Motor vehicle service and repairs	43,870	32,722
Motor vehicle fuel	44,393	47,168
Depreciation- management	117,045	86,119
Depreciation- pool cars	39,015	35,408
Subscriptions	11,006	14,570
Training and people development	30,278	25,586

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 $	2015 $
8. Operating (deficit) surplus (continued)		
Performance management systems	45,960	21,153
	1,023,559	**946,305**
General administration expenses		
Bank charges	12,562	11,793
Electricity. water and rates	18,725	17,288
Insurance	38,514	33,871
Legal expenses	26,283	46,031
Training and development	10,093	8,577
Rent	107,482	101,815
Security	10,609	9,821
Telecommunication costs	5,264	5,213
Loss on disposal of assets	918	5,717
Repairs and maintenance	16,958	22,579
Bad debts written off	2,123	-
Stationery and office supplies	16,607	17,947
Other general expenses	392	4,010
Depreciation expense- other assets	65,315	66,018
Depreciation- management vehicles	39,015	28,706
Motor vehicle repairs- management	6,934	7,120
Entertainment	1,896	267
Computer expenses	30,481	35,544
	410,171	**422,317**

9. Retirement benefits

National Social Security Authority Scheme

All eligible employees are members of the National Social Security Authority Scheme to which the employees and the organisation contribute. The scheme was promulgated under the National Social Security Authority Act 1989. The organisation's obligations under this scheme are limited to specific contributions legislated from time to time. Contributions by the organisation amount to 3.5% of pensionable emoluments with a maximum of US$24.50 per month per employee.

	2016 $	2015 $
Contributions for the year	16,878	14,193

Defined contribution plan

It is the policy of the organisation to provide retirement benefits to all its employees. All employees are members of a defined contribution pension scheme administered by Old Mutual Life Assurance Company.

	2016 $	2015 $
Contributions for the year	57,151	46,255

10. Commitments

Authorised capital expenditure

	2016 $	2015 $
Already contracted for but not provided for		
• Property, plant and equipment	-	98,302
Not yet contracted for and authorised by directors	557,648	797,868

Capital expenditure will be financed from internal resources.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 $	2015 $

11. Related parties

Relationships

S. P. Pilime	Key management
M. Moyo	Key management
W. Chigwada	Non- Executive
L. Jena	Non- Executive
M. E. Juru	Non- Executive
H. Kuzvinzwa	Non- Executive
B. Mafusire	Non- Executive
A. Masenda	Non- Executive
O. Mutizhe	Non- Executive
P. Rambanapasi	Non- Executive
C. Zhanje	Non- Executive

Related party balances

	2016 $	2015 $
Amounts included in Trade receivables regarding related parties		
Senior management loans	9,126	18,667
Compensation to directors and other key management		
Short-term employee benefits - Executive directors	321,544	252,646
Post employment benefits - Executive directors	22,834	16,437
Short-term employee benefits - Non-Executive directors	54,094	62,756
	398,472	**331,839**

12. Risk management

In common with all other businesses, the organisation is exposed to risks that arise from its use of financial instruments. The organisation is exposed, through its operations, to the following financial risks:

1. Liquidity risk

2. Fair value or cash flow interest rate risk

3. Credit risk

Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the organisation faces, the organisation's policy has been throughout the year ended 31 December 2016, to maintain significant liquid resources from the trade surcharge collected.

The table below analyses the organisation’s financial liabilities and net-settled financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Less than 1 year
Trade and other payables	202,719	141,352

Fair value or cash flow interest rate risk

The organisation has adopted a non speculative policy on managing interest rate risk. Only approved financial institutions with sound capital bases are used to invest surplus funds.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 $	2015 $

12. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the organisation if a customer or counterpart to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subjects the organisation to concentrations of credit risk consist primarily of cash and bank balances and receivables. The organisation's cash and cash equivalents are placed with high quality financial institutions.

Financial assets exposed to credit risk at year end were as follows:

	2016 $	2015 $
Accounts receivables	65,510	64,174
Money market investments	588,520	571,068
Bank balances	487,650	864,129

13. Going concern

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

The ability of the organisation to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to raise funding for the ongoing operations for the organisation.

The ZimTrade board and management have assessed the ability of the organisation to continue operating as a going concern and believe that the preparation of financial statements on a going concern basis is still appropriate.

The financial position of the organisation is stable with total assets standing at US$1,820,498 as 31 December 2016. Total liabilities as at the same date stood at US$202,719 and the current ratio at 6:1. Closing cash and cash equivalents for the same period stood at US$1,076,204 representing 59% of the total asset value.

Total income for 2016 declined by 12% to US$2,201,489 from US$2,595,816 in the prior year. The Trade Development Surcharge (TDS), which is the main driver of income, was affected by the decline in exports and other challenges such as shortages of foreign currency which led to delays in processing of international payments. This had an adverse effect on the operations of exporters as raw materials could not be acquired on time.

The board has written to the Ministry of Industry and Commerce seeking consideration to extend the range of exports subject to the TDS and is confident of support from the Ministry. The 2017 revenue budget reflects a growth projection of 9% over the 2016 revenue level.

In view of the above, management has put in place measures that will ensure that the organisation will continue operating as a going concern. Expenditure for the 2017 budget has been scaled down to suit the subdued income projections. 66% of the expenditure for 2017 has been allocated towards export development and promotion activities so that companies are capacitated to generate more exports. Furthermore, recruitment for some planned positions on the organogram have been deferred while Management monitors the performance of the TDS.

As part of efforts to generate more revenue as well as diversify streams and reduce reliance on the TDS, management will continue to engage a number of Development Cooperation Partners (DCPs). There are already indications that support will be received from the EU and COMESA for funding of various identified projects.

14. Value added tax

As per note 15 in the 2015 AFS, the process of seeking exemption of the Trade Development Surcharge (TDS) from VAT, is still in progress. Management, with support from the Board have written to the Ministry of Industry and Commerce requesting for their assistance with engaging the Ministry of Finance in seeking exemption of the TDS from VAT. The request is currently under review by the Ministry of Industry and Commerce and the Board expects this to be lodged with the Ministry of Finance for consideration within 2017 financial year. The Board is confident of receiving the Ministry's support in this matter. The Board therefore has not accounted for any potential VAT and on the above basis are confident the potential liability will not crystalise.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016	2015
	$	$

15. Events after the reporting period

There have been no reportable events after the report period.

Notes

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