



TRAFFIC SAFETY COUNCIL OF ZIMBABWE

2021

ANNUAL REPORT

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PART A: GENERAL INFORMATION

1. GENERAL INFORMATION REGARDING THE TRAFFIC SAFETY COUNCIL OF ZIMBABWE

Registered name

TRAFFIC SAFETY COUNCIL OF ZIMBABWE

Registered office



No. 4 Park Street

P.O. Box CY293 Causeway Harare

Telephone number



0242 751 203/8

Email address



infocomms@trafficsafety.co.zw

Website address



www.trafficsafety.co.zw

Facebook Page



Traffic Safety Council of Zimbabwe | Harare | Facebook

YouTube Handle



Traffic Safety Council of Zimbabwe - YouTube

Twitter Handle



@tscz1

LinkedIn Page



Traffic Safety Council of Zimbabwe | LinkedIn

External auditors

MGI (Mazhandu) Chartered Accountants 2nd Floor, Methodist House
No. 7 Central Avenue
P. O. Box 6499 Harare

Bankers

ZB Bank
Commercial Bank of Zimbabwe (CBZ)
Standard Chartered Bank
People's Own Savings Bank

Lawyers

Dube, Manikai and Hwacha Legal Practitioners 6th Floor, Green Bridge
Eastgate Complex
Harare

Company Secretary

Mrs Patience Gachira
pgachira@trafficsafety.co.zw



**Honourable Minister
F. T Mhona
BOARD OF DIRECTORS**



**Mr K.K. Sibanda
Board Chairman**



Mr. N. Katsvairo



**Snr. Ass Comm F. Mjanga
Vice Board Chairperson**



Mrs. J. Matanhire



Ms. Z. V. Mugota



Mrs. L. Masuka Dumwa



Mr. K. Gongera



**Mrs. P. Gachira
Manager Legal
& Corporate Affairs**



**Mr. C. Gobo
Acting Managing Director
/Director Admin
& Finance**



**Mr. E. Muchena
Acting Director Operations
& Marketing**

2. FUNCTIONS, QUALITY POLICY STATEMENT AND OPERATIONAL FRAMEWORK

FUNCTIONS

Traffic Safety Council of Zimbabwe [a Statutory Body] is proud to present the Annual Report for the year ended 31 December 2021. Traffic Safety Council of Zimbabwe is a corporate body that was established in terms of the Traffic Safety Council Act, [Chapter 13:17]. The report conveys information on our financial and sustainability performance, demonstrating how we have created value for our varied stakeholders. The contents of this report are intended to give the reader insights into noteworthy aspects of the Traffic Safety Council business, as well as the industry within which it operates.

Traffic Safety Council of Zimbabwe was established to:

- Promote road safety.
- Disseminate information on road safety.
- Publish the Highway Code.
- Register, control and regulate driving schools and persons who provide instructions on the driving of vehicles on roads.
- Establish standards for testing of persons for the issuance of learner driver licenses and driver certificates of competency.
- Affiliate and liaise with Road Safety Organizations in Zimbabwe and elsewhere.
- Advise the Minister on all matters relating to road safety.
- Do any other thing that the Council may be required or permitted to do by, or under the Traffic Safety Council Act (Chapter 13:17) or any other enactments.

STRATEGIC OVERVIEW

OUR VISION

To become the regional leader in continuously reducing deaths, injury and property damage caused by road traffic crashes.

OUR MISSION

To promote road traffic safety through education, training, publicity and research in cooperation with other stakeholders.

CORE VALUES

Honesty, Service Excellence, Teamwork, Integrity and Learning Organisation.

QUALITY POLICY STATEMENT

The Traffic Safety Council of Zimbabwe (TSCZ) exists in terms of the Traffic Safety Act (Chapter 13: 17) and aims to operate at the highest level of performance in the promotion of road safety in order to reduce deaths, injury and property damage on Zimbabwe's roads.

TSCZ conducts training of defensive drivers, fleet managers and instructors, road safety awareness campaigns for all road users, registration and supervision of driving schools and co-operating agencies, production and dissemination of road safety information, setting standards for acquisition of learner license and certificates of competency and publication of the highway code. TSCZ will achieve this through:

- Communicating the requirements of the TSCZ quality policy to all stakeholders;
- Providing resources and a framework for setting and reviewing performance objectives of the TSCZ quality management system;
- Complying timely with applicable legislation, standards, procedures and other requirements to which the organization subscribes.

TSCZ management and staff will ensure the implementation, maintenance and continual improvement of the TSCZ quality management system in order to comply with the requirements of the ISO 9001:2015 International Standard.

OPERATIONAL FRAMEWORK

The Council's operations are guided by the Five Pillars of road safety:

- **ROAD SAFETY MANAGEMENT**
- **SAFER ROADS AND MOBILITY**
- **SAFER VEHICLES**
- **SAFER ROAD USERS**
- **POST-CRASH RESPONSE**

3. LETTER TO THE MINISTER

The Honourable Minister
Ministry of Transport and Infrastructural Development
16th Floor, Kaguvi Building
Harare

Dear Honourable Minister F. T. Mhona (M.P)

It is with great pleasure that I submit the Traffic Safety Council of Zimbabwe's Annual Report and Audited Financial Statements for the year ended 31 December 2021 for tabling before Parliament.

This submission is in accordance with Section 22 of the Traffic Safety Council Act [Chapter 13:17].

Yours sincerely,



Mr. K. K. Sibanda
Board Chairman

4. CHAIRMAN'S STATEMENT



MR K.K. SIBANDA

Global Perspective

2021 marked an inflection point for the global economy, as it gradually recovered from the depths of COVID-19 crisis. There were successes recorded in

Covid-19 vaccination and in the easing of restrictions. As predicted, we saw the global economy bounce back from the Covid-19 induced contraction with the International Monetary Fund estimating its real growth at 5.9% in 2021 from -4.4% recorded in 2020.

However, the sustainability of the economic growth was threatened by the emergence of the Delta & Omicron variants of the Covid-19 virus. Further, the stimulus programs put in place to combat the negative impact of the pandemic brought inflationary pressures in many economies.

National Perspective

According to IMF, economic growth reached an estimated 5.1% of GDP in 2021, and was expected to grow to 3.1% in 2022 and 3% in 2023, mainly supported by the recovery of the agricultural sector.

In 2021, inflation fell from 557.2 % to 92.5%, and it was projected to continue on a downward trend in 2022 and 2023. Even though the Government implemented a series of measures to mitigate the social and economic impacts of the pandemic, the COVID-19 crisis put pressure on the country's strained public resources, so recovery has been slow.

The Government launched the National Development Strategy 1 (NDS 1) in January 2021 under the theme, "Towards prosperous and empowered Upper Middle Class Income Society by 2030." This is a five-year plan

In addition, new targets, that were inclusive, were also set for the benefit of all citizens. The NDS 1 has strengths in that it adopted the Integrated Performance Management System and was further augmented by Public Sector Reforms.

NDS 1 was initially disrupted due to COVID 19 outbreak with Government efforts concentrated towards fighting the pandemic. Notwithstanding the foregoing Zimbabwean economy, driven by the Government's aggressive infrastructural drive, continued to gain momentum to exit from the negative impact of the pandemic.

Traffic Safety Council of Zimbabwe was not an exception from the global and national challenges. True to our founding principle of placing the customer front and centre, the Council delivered far-reaching strategic change in information technology. Our customers are now able to attend lessons virtually on Zoom Platform.

To activate the foregoing, we made specific technological changes and developed projects that have set us apart, leveraging our effectiveness in our financial accounting and management systems.

Indeed, the Council is committed to road safety and to continuously reducing death, injury, and property damage. It is against that backdrop, that Zimbabwe has reiterated and reinforced her commitment to road safety, where the President His Excellency Dr. E. D. Mnangagwa through the Minister of Transport and Infrastructural Development launched the Road Safety Performance Review Report and committed to the following:

1. To ratify the United Nations Conventions which are currently outstanding.
2. Ratify and apply the African Charter for Road Safety so that its targets are mainstreamed in the TSCZ programming.
3. Accelerate the systematic country wide application of the SATCC signs and signal system to create consistency with the Highway Code.
4. Provide leadership for a national plan of action and targets that ensure adequate budget allocations for education and awareness raising/training across all road authorities and stakeholders.
5. Set standards for education in first aid for the public, drivers of PSVs, police and military, driving license holders.
6. Introduce trauma register and adoption of international best practice standards. Institute medical checklists and protocols as recommended by WHO, and record data electronically with case-based linkages between disciplines.
7. Develop comprehensive standards and regulations for post-crash care by benchmarking international good practices of the WHO and regional peers.

Corporate Governance

In line with good corporate governance principles, the Honourable Minister appointed the Traffic Safety Council Board Members, with myself coming in as the new Board Chairperson. Further, in keeping with our transparency pledge, we separated our Audit and Risk Committees.

Financial Performance

The Council recorded a surplus of income over expenditure of ZWL417 Million, which was 43% above prior year's surplus of ZWL291.4 million. The Council's profitability was achieved on the back of a 124% growth in total income of ZWL1.1 billion, against ZWL474.9 million recorded for the 2020 corresponding period. Council assets as of 31 December 2021 stood at ZWL590.1 million representing a growth of 272% from ZWL158.8 million achieved prior year.

Staff

The Traffic Safety Council of Zimbabwe had a total of 59 employees as of December 31 2021. To maintain quality workforce, there is a constant endeavour to develop and enhance Staff skills to match the set growth demands of the Council.

Positioning for Growth

Our branch network now stands at 8 operational outlets and the Council managed to open an office in Chitungwiza in line with the Government's policy of devolution. We have also established a land bank in pursuant of the same.

Appreciation

As I have said, none of these achievements would have been possible without our people. The creative talent, which is exhibited, day after day, season after season, is truly remarkable. Special thanks goes to our Honourable Minister, our Permanent Secretary, the Parliamentary Portfolio Committee on Transport and Infrastructural Development, and the entire Government for the unwavering support over the years.

I owe an immense debt of gratitude to all stakeholders who supported the Council during the period under review, more particularly those stakeholders who participated during the United Nations sponsored Road Safety Performance Review and our other annual road safety activities.

I would also like to express my special gratitude to the entire Board for the dedication and commitment shown by availing themselves to fulfil their responsibilities, to executive management and entire staff for dedication and excellent performance. I am very proud to say that the team that I lead is united and dedicated.

Lastly, I would like to extend my heartfelt thanks to everyone. For my part, it has been a big privilege to lead this team of unrivalled individuals. Thank you so much for everything you do day after day and for the personal and professional relationships we have built.

Many thanks.



K. K. Sibanda
Board Chairperson

5. OPERATIONAL OVERVIEW BY THE MANAGING DIRECTOR



MR C. GOBO

I am pleased to report on the results of the Traffic Safety Council of Zimbabwe (“the Council”) for the period ended 31 December 2021. The year under review was once

challenging year for the business community in general. The Council was not spared by some of the regressive effects of the Covid-19 pandemic and the general macroeconomic challenges. The Covid-19 pandemic further brought about several emerging risks, which put to test our resilience, flexibility, and disaster recovery preparedness. It is pleasing to note that the Council was able to offer services and products through innovative solutions such as online and digital platforms. This augured well with the current digital transformation thrust of the organization. The unfortunate phenomenon of Covid-19 thus equally impacted the Council's operations as staff at the workplace was scaled down while many were directed to stay or work, from home. That negatively affected revenue collection during the first half of the year. The period was therefore punctuated with challenges for both businesses and households as the Government instituted lockdown measures to protect the population from the sting of the COVID-19 virus. This however, changed as the year 2021 progressed, and the Government relaxed the Covid-19 restrictions.

Business performance accelerated in the second half of the year as the Government swiftly moved in to introduce reforms to support the economy and the health of the people. Fiscal incentives, relaxation of foreign currency trade, and the foreign currency auction system boosted business confidence, resulting in improved revenue collections as the year progressed.

Ladies and gentlemen, as we continue this journey, we are mindful of the enormous task expected of us by the Government, public, stakeholders, and all road users. We, however, find solace in our unparalleled determination and commitment that as long as there are people dying due to preventable factors on our roads, we will not renege on our duty to save lives but galvanize all forces and stakeholders in the fight against this scourge since a single death on our roads is too many to bear.

For the period under review, road traffic crashes increased by approximately 28.8% from 35 560 crashes recorded during the previous year to 45 791 crashes. The number of people injured also increased by nearly 25.9% from 6920, recorded in 2020 to 8 711 this year. Total fatalities went up by 25.1% from 1 520 recorded during the previous year to 1 902 during the year under review.

Our global target of reducing road crashes, injuries, and fatalities by 50% by 2030 has thus remained elusive. However, a lot of lessons have been learnt from the past Decade of Action for Road Safety, and from these lessons, we are convinced that the tide would be turned by 2030.

FINANCIAL PERFORMANCE

In accordance with the International Accounting Standard 29 (IAS29), the inflation-adjusted accounts will form the basis of the Council's performance commentary.

2021 was a challenging year with fair financial results despite the socio-economic difficulties. The measures that the Council implemented to fight the spread of the pandemic and thus ensured the safety of its employees, customers, suppliers, and all other stakeholders increased the cost base.



Cost pressures also affected our key service providers, resulting in increases in security and cleaning expenses. Furthermore, cost containment measures were also implemented, including tighter management of working capital in an environment constrained by the COVID-19 pandemic.

For the twelve months ended 31 December 2021, the Council recorded a surplus of income over expenditure of ZWL417 million, which was 43% above prior year's surplus of ZWL291.4 million. The Council's profitability was achieved on the back of a 124% growth in total income of ZWL1.1 billion, compared to ZWL474.9 million recorded in 2020. Total expenses were ZWL473.9 million representing an increase of 50% to prior year inflation adjusted expenses of ZWL316 million. The road safety costs to total costs ratio for the review period was 80% compared to 59% achieved in the previous year, because of the lockdown that was being relaxed during the period under review.

Council assets as at 31 December 2021 were recorded at ZWL590.1 million representing a growth of 272% from ZWL158.8 million achieved prior year. Total shareholders' funds grew by 122% from ZWL439.2 million to ZWL974 million. As a result of inflationary pressures, overheads went up by 50% compared to prior year. Revenues for the year increased by 124% to close the reporting period at ZWL\$ 1.1 billion from 474.9 million achieved prior year. Total expenses increased by 50% from ZWL\$ 316.1 million to ZWL\$ 473.9 million in 2021. The increase in revenue and increase in expenses resulted in a net percentage increase in surplus of income over recurrent expenditure of 43% from ZWL\$ 291.5 million to ZWL\$ 417 million in 2020 and 2021, respectively. The council's financial position remains sound, with the balance sheet growing by 126% to ZWL\$ 1 Billion from ZWL\$ 447 million.

MODIFICATION OF FUNCTIONAL CURRENCY

The Council has in previous financial periods used the United States of America Dollar ("US\$") as its presentation and functional currency. The fiscal and monetary policy pronouncements made in October 2018 led to a reassessment of the functional currency and a justification to conclude that, under IAS 21 Effects of Foreign Exchange Rates, there was a change in the functional currency. However, this could not be effected because, at law, there was no local currency in Zimbabwe until February 22, 2019, when SI 32 of 2019 (SI32/2019) was introduced. The inconsistency between the legal requirements and International Financial Reporting Standards ("IFRS") resulted in auditors expressing an adverse opinion on the financial statements, which is a market wide phenomenon.

FUTURE PROSPECTS

The outlook for 2022 is positive, largely encouraged by the invention of new Covid-19 vaccines and the gradual removal of restrictions on movement. Domestic economic recovery is expected to be driven by agriculture, construction, mining, as well as accommodation and food services which in turn impact on road safety due to increased movement of goods and services and hence increased exposure to risk of crashes. As governments, businesses and citizens start to look towards the new reality of life post Covid-19, key considerations relate to service delivery, environmental, social and governance issues. The Council will continue to seek opportunities to strengthen its balance sheet position and optimise customer service delivery as well as shareholder value.

The Council plans to continue improving service delivery through increasing operational activities, growing revenue, investment in technology, process automation and managing costs. In response to the negative effects of the COVID-19 pandemic, we are continuously reviewing our business model and related strategies to remain aligned with the market dynamics in the “new normal”. The Council will continue to seek opportunities to preserve its balance sheet and reconstitute its business model in line with regulatory requirements and the changes to the macro-economic landscape.

Thank you.



Clifford Gobo

Acting Managing Director

ACKNOWLEDGEMENTS

On behalf of the Board and Management, we thank our trusted employees who continue to live by our ethos. We thank them for their commitment to the highest standards of business conduct and their team spirit, which has been instrumental in delivering another year of solid results. I would like to acknowledge our trade partners and stakeholders for their continued support of our business despite the challenges we faced during 2021. I am also grateful to our road users for their continued support. Going forward, our business remains committed to a continuous reduction in road accidents and fatalities in support of NDS 1 and the second decade of action for road safety, 2021-2030.

CONCLUSION

Finally, I would like to conclude by quoting Soteri Gatera (2019) from UNECA who, when writing on Zimbabwe pointed that “We have to work to avoid a case of unintended consequences whereby the story of Zimbabwe’s economic growth with accompanying infrastructure development and increased car ownership is eroded by increased road accidents and deaths. Even a single death on the road is simply unacceptable.”

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

The Board and Management acknowledge their responsibility to ensure the integrity of the report. It has accordingly applied its mind to the report and in the opinion of the Board it addresses material issues and fairly presents the performance of the Traffic Safety Council of Zimbabwe during the period of 2021.

PART B: PERFORMANCE INFORMATION

1. PREDETERMINED OBJECTIVES

The Managing Director is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance on the integrity and reliability of performance information. The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the approved Strategic Plan (2021-2025) and 2021 Integrated Performance Agreement of the Traffic Safety Council of Zimbabwe for the financial year ended 31 December 2021.

2. SITUATIONAL ANALYSIS

The Government introduced a number of fiscal and economic reforms with a view to stabilising the economy in the long run. Chief amongst these was the reintroduction of a local currency in June 2019, a process which had begun with the separation of local bank accounts into domestic and “nostro” accounts in October 2018, followed by the official inclusion of the RTGS dollar in the basket of currencies and the launch of the interbank foreign currency market in February 2019. Critically, the availability of foreign currency continued to be constrained during the period, driving inflation as the market competed for the limited foreign currency available. This also affected one of our major projects namely Masvingo Office construction, which project is in line with devolution. This resulted in postponement of the project during the period under review because the contract was negotiated in USD terms and the conversion rate introduced resulted in the inadequacy of the allocated funds.

2.1 OUTLOOK

At the time of concluding this note all indications point to a global economic stress event that disables all businesses’ financial, operational and commercial resilience – a global human and economic catastrophe. The period under review has been characterized by the persistent effects of the so-called “Great Lockdown” or the Covid-19 recession, which is a global economic recession that began in most countries in February 2020. Therefore, reimagining the post-Covid-19 return requires us to build a cohesive team both in management and the supporting structures focusing on rebuilding operations; rethinking the organization; and accelerating the adoption of automation and digital solutions.

Our continued investment in digital development, Comprehensive Emergency Response Programme, and advanced data management and analytics will allow us to create ecosystems and facilitate the aggregation of a wide range of products and services. Such initiatives will help our customers on their entire journey, including outside the narrow confines of what currently constitutes road safety. Our strategy remains focused on our clients and stakeholders to help reduce possible road traffic crashes, injury, deaths and property damage.

3. 2021 STRATEGIC GOALS AND OUTCOMES

KEY RESULT AREAS

- Road Traffic Safety
- Road Traffic Research and Development
- Road Traffic Policy and Regulation
- Corporate Governance and Viability

The Projects/Programmes for 2021 were as follows: (inflation adjusted)

FINANCED BY:	OUTCOMES	ANNUAL TARGET-S	BUDGET or ALLOCATE-D \$ZWL	ACTUAL/ ACHIEVED OUTPUT
1.Revenue from non - exchange Transactions - Motor Insurance Levy.	Improved service delivery	Collection of at least ZWL450,000,000	ZWL 450,000,000	ZWL 810,589,737
2.Revenue from exchange Transactions - Operational Incomes (Sale of services & Products Investments, other incomes & Retained surpluses)	Improved service delivery	Collection of at least ZWL 174,978,733	ZWL 174,978,733	ZWL 253,422,542
TOTAL INCOME		ZWL 624,978,733	ZWL 624,978,733	ZWL 1,064,012,279
PROJECTS /PROGRAMMES	OUTCOMES	ANNUAL TARGETS	BUDGET or ALLOCATED \$ZWL	ACTUAL/ACHIEVED OUTPUT
1. Road safety Campaigns including road safety materials and Awareness Campaigns	Reduced fatalities and injuries	Road users reached (10 million reach)	ZWL 186,674,704	ZWL 206,288,943.75 (15 million reached)
2.Driver Improvement Programmes	Reduced fatalities and injuries	35,274 drivers trained in defensive driving	ZWL 5,000,000	23,140 drivers trained ZWL 15,560,430
3.Road Safety Audits	Reduced fatalities and injuries	51 Road Safety Audits	ZWL 5,000,000	20 Audits ZWL 7,532,696
4. Research and Development	Increased efficiency and effectiveness of interventions	1 road safety research paper	ZWL 1,500,000	2 research papers [initiated]; Safety Corner [initiated]

5. Policy and regulation	Reduced policy inconsistencies	6 pieces of traffic legislation	ZWL 10,000,000	6 pieces of traffic legislation reviewed ZWL 6, 393, 096.72
6. Corporate Governance and Viability	Employment costs to Total Budget Ratio (Attain a ratio less than 30:70)	Employees' salaries and benefits paid on time and in full.	ZWL 85,523,751	ZWL 97,122,963
	Improved service delivery	Acquisition of Vehicles, Furniture, Machinery and Equipment (CAPEX)	ZWL 262,756,282	ZWL 175,701,044
		Administration costs	ZWL 54,041,516	ZWL 114,727,598.53
7. Corporate Governance and Viability	-staff and stakeholder training and development Internal & External Audit of financial records. Convening of Board, Committee and AGM Meetings	-staff and stakeholder training & development. 10 internal audits done. 1 external audit done. 18 meetings held.	ZWL 13,482,480	ZWL 23,294,597
	Completion of ISO Quality Management Systems (QMS)	ISO 9001:2015	ZWL 1,000,000	0
TOTAL			ZWL 624,978,733	ZWL 646,621,369
SURPLUS AFTER CAPEX			0	417,390,910

4. PERFORMANCE INFORMATION BY PROGRAMME/OBJECTIVES

INTRODUCTION

This annual performance report covers the year 2021. It commences with an executive summary followed by five-year comparative tables, bar graphs and narrations thereof and closes with a conclusion.

EXECUTIVE SUMMARY

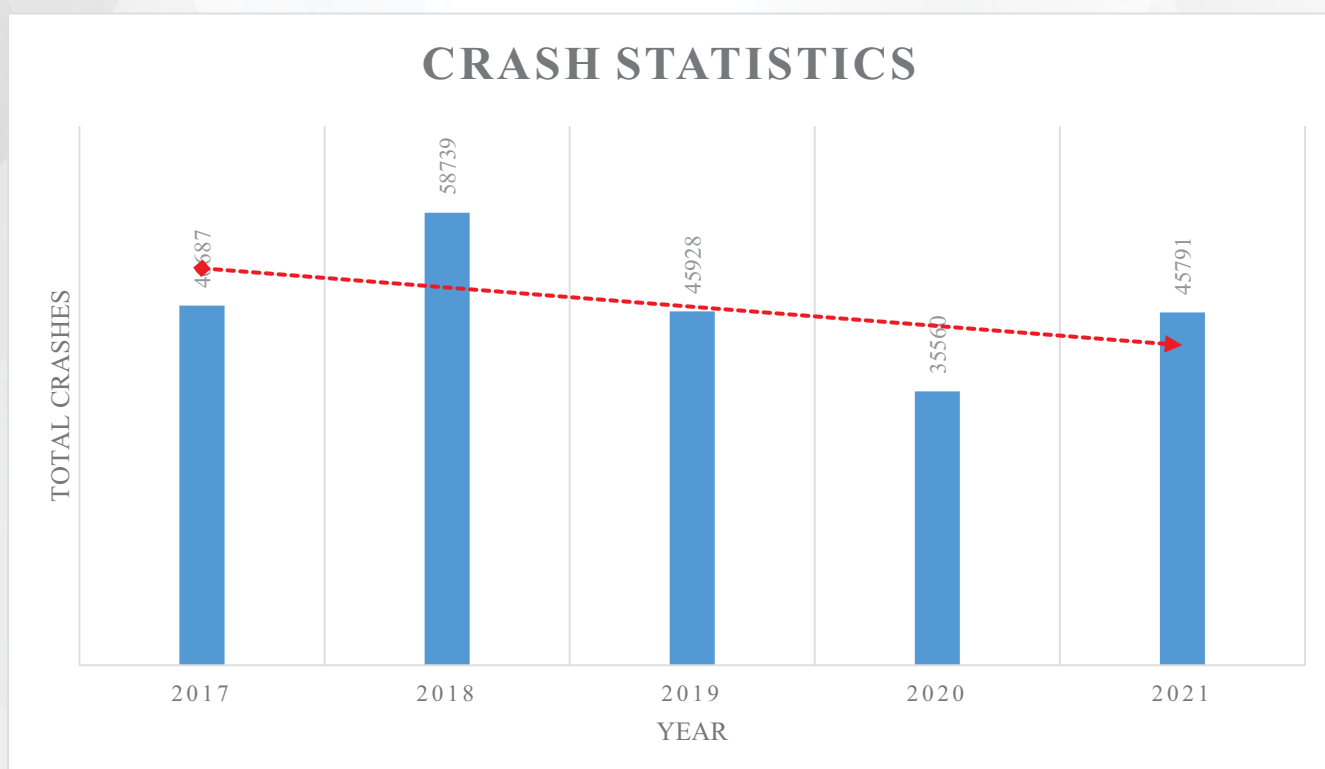
Road traffic crashes increased by approximately 28.8% during the year under review from 35 560 crashes recorded during the previous year to 45 791 crashes. The number of people injured also increased by nearly 25.9% from 6 920, recorded the previous year to 8 711 this year. Total fatalities went up by 25.1% from 1 520 recorded during the previous year to 1 902 during the year under review. According to the Central Vehicle Registry (CVR), vehicle population was 1 999 903 as at 11 June 2020.

Comparative Road Safety statistics for 2017-2021 are shown in the table below:

Variable Period	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2021
Total crashes	46 687	58 739	45 928	35 560	45 791
Total fatalities	1 793	1 918	1 495	1 520	1 902
Total injured	10 461	12 487	8 904	6 920	8 711

Source: Zimbabwe Republic Police

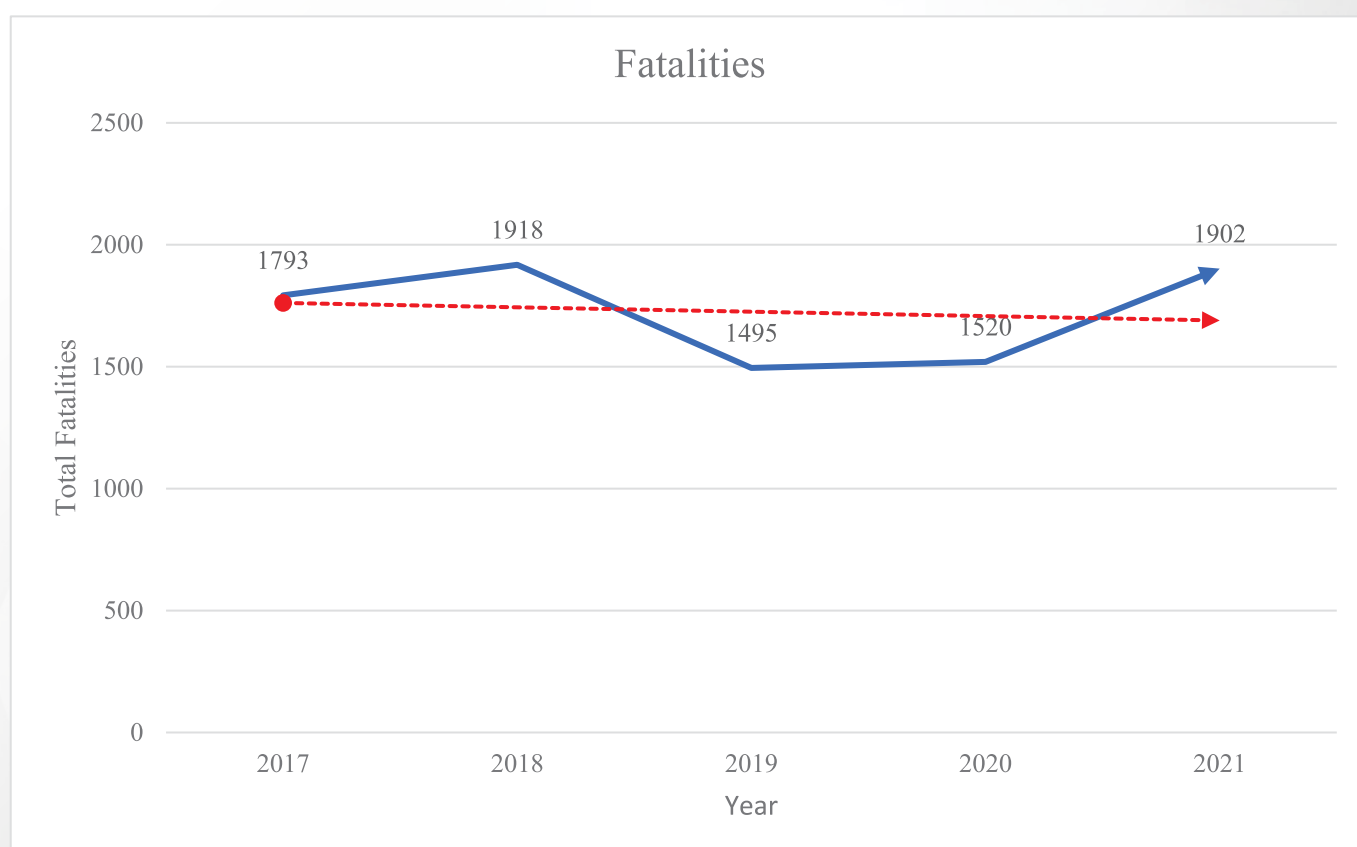
Below is a graphical representation of the crash statistics in the country for the past five years:



The major causes of road traffic crashes as stated by the ZRP Operations Department remained as follows:

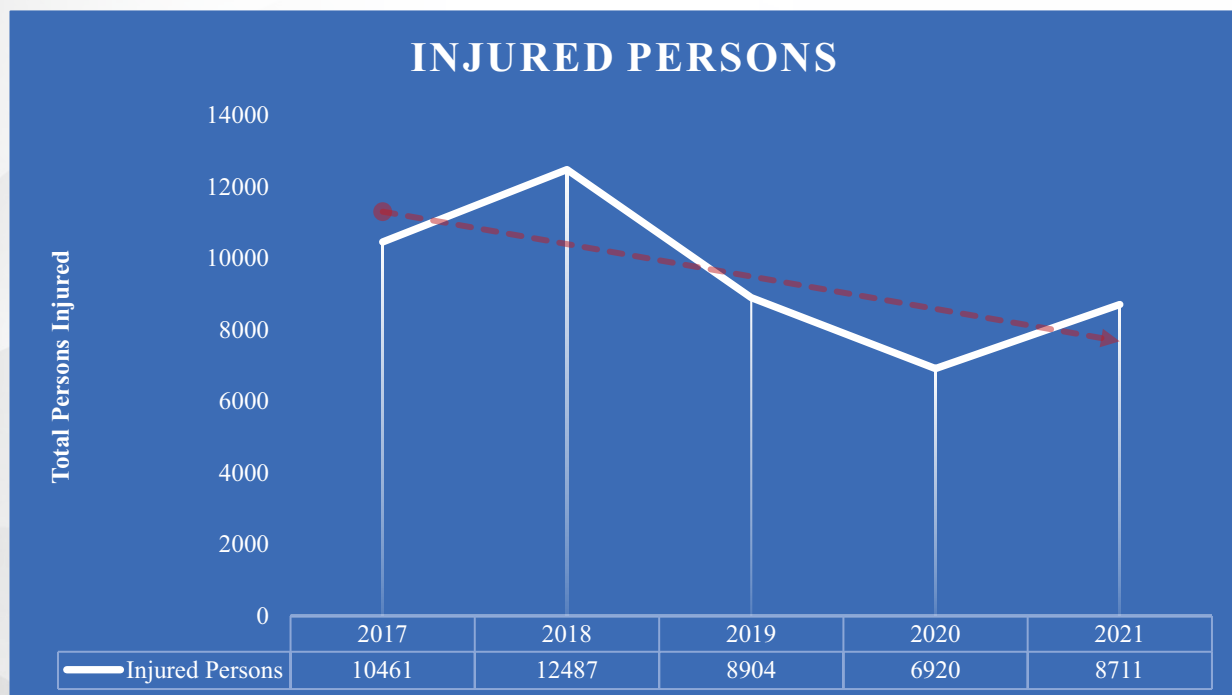
- Speeding
- Reckless driving
- Fail to give way
- Dangerous overtaking
- Following too closely
- Fail to stop at a stop sign

The graph below shows the number of people killed from January 2017 to December 2021.



As shown in the graph above, fatalities ranged between 1500 and 2000 fatalities per annum. It is apparent that the period under review is characterized by an increase in road traffic crashes from 1520 crashes in 2020 to 1902 crashes in 2021. The decrease in fatalities and crashes in 2019 and 2020 is attributed to COVID-19 induced travel restrictions.

The graph below shows the number of people injured in road crashes in Zimbabwe in 2017 up to December 2021. Generally, the trend has been going down.



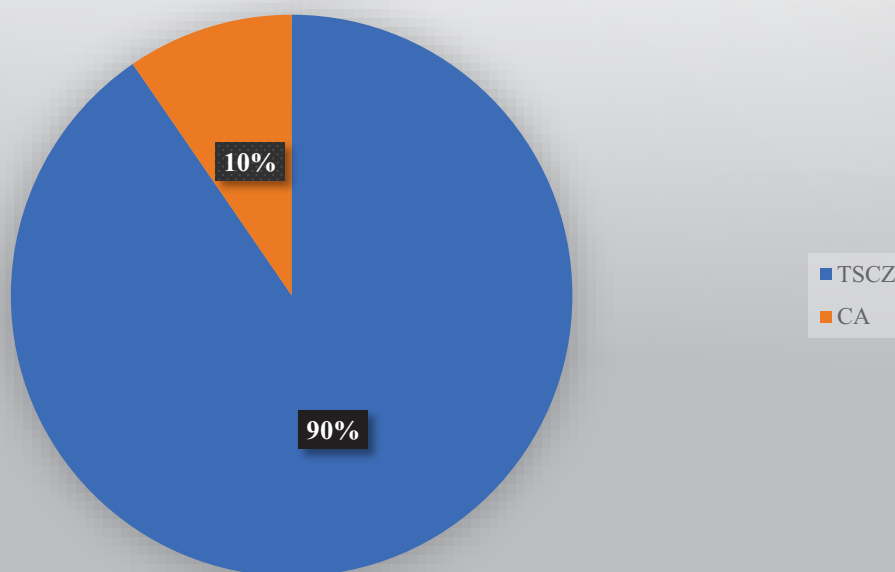
As shown in the illustration above, the past 5 years have generally been characterized by a decrease in the number of injured persons. In 2017, 10,461 persons were injured in road traffic crashes. In 2018, the number shot up to 12,487 injured persons, after which the number of injured persons dropped down to 6,920 in 2020. In 2021, the number of persons injured in road traffic crashes rose by 25.9% to 8,711.

DEFENSIVE DRIVING COURSES

In terms of the Defensive Driving Course (DDC), there is a noticeable increase in the number of graduates as compared to the same period last year. The statistics reveal that drivers trained in DDC were 23,140 as compared to the same period last year when 18,202 drivers were trained. However, the annual target of training 35,274 drivers in 2021 was not achieved, mainly because of prolonged intermittent periods of lockdowns during the period under review.

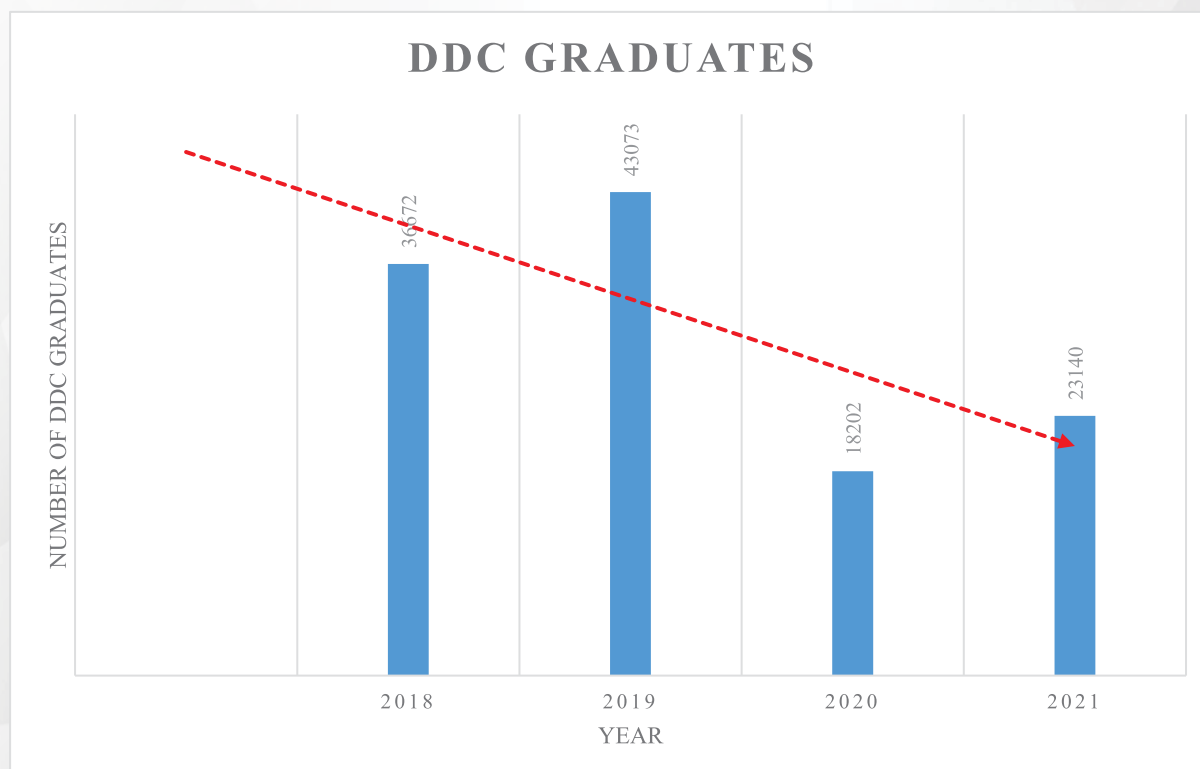
DDC Graduates (Jan-Dec)	2020	2021	Variance
TSCZ	10 453	20 925	10 472 (+100.2%)
Cooperating Agencies (CA)	7 749	2 215	-5 534 (-71.4%)
Total	18 202	23 140	4 938(+27.2%)

DDC Graduates in 2021



The pie chart above shows that 90% of the DDC graduates were trained by TSCZ while the remaining 10% were trained by Cooperating Agencies.

DDC Graduates Over the Period 2018 – 2021:



As shown in the graph above, there has been a steady decline in the number of DDC graduates over the past four years. The decrease in DDC uptake is attributed to the lockdown periods where learning was halted. The Ministry of Health and Child Care gazetted SI 144 of 2020 which extended the validity of DDC certificates by a period of 180 days or the end of lockdown whichever comes first.

ROAD SAFETY EDUCATION AND AWARENESS

Description	Reach
Vision tests	464 vision tests done
Road assessments	617 road assessments were done
Driving instructor renewals	506 driving school instructors renewed
Assistant instructor courses	1 course conducted
Driving school renewals	335 driving schools renewed
Driving school registrations	50 driving schools registered
Driving school inspections	710 driving school inspected
Road safety education in schools	72 839 school children reached
Traffic safety clubs	4 traffic safety clubs formed
Road safety awareness campaigns	98 campaigns conducted
Stakeholder meetings	45 stakeholder meetings held
Radio and television programmes	Crime watch; traffic alert; radio competitions
Shows and exhibitions	12 shows and exhibitions held.

5. CONCLUSION

In conclusion, it should be realised that, while the efforts of Traffic Safety Council of Zimbabwe are appreciated, it is however important to have a more coordinated stakeholder engagement approach.

PART C: GOVERNANCE INFORMATION

1. CORPORATE GOVERNANCE

TSCZ subscribes to the principles of discipline, independence, accountability, transparency, responsibility, integrity, fairness and social responsibility, identified as the primary characteristics of good governance in the Code of Corporate Practices and Conduct, contained within the National Code of Corporate Governance for Zimbabwe and the Public Entities and Corporate Governance Act (Chapter 10:31). The primary objective of our system of corporate governance is to ensure that directors and managers, to whom the running of the Company has been entrusted by the shareholders, carry out their responsibilities faithfully and effectively, placing the interests of the Council and society ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation. The Board believes that the Council's governance practices are strong and that in all material respects, the Council conforms to the principles embodied within the National Code on Corporate Governance for Zimbabwe and is committed to ensuring that these principles continue to be an integral part of how the Council's business is conducted.

Board Committees

The Board has the following Committees:

- i. The Finance Committee
- ii. The Operations Committee and Public Relations Committee
- iii. The Human Resources Committee
- iv. The Audit Committee and
- v. The Risk Committee.

DIRECTORATE AND MANAGEMENT

The Board of Directors of the Council retain full and effective control over the Council. The Board meets regularly, no less than four times a year to review strategy, planning, operational performance, acquisitions and disposals, stakeholder communications and other material matters relating to the performance of executive management. More than 75% of the Directors of the Council are non-executive bringing objective judgement on issues of strategy and performance. The Council's Chairman is an independent non-executive Director.



STATEMENT OF RESPONSIBILITY AND CONFIRMATION

The Directors of the Traffic Safety Council of Zimbabwe are responsible for preparing financial statements and other information presented in the annual report in a manner that fairly presents the situation and results of the operations of the Council. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon. The annual financial statements contained in this report have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies and are supported by reasonable and prudent judgements and estimates. The directors have no reason to believe that the Council's operations will not continue as a going concern in the year ahead.

MANAGEMENT REPORTING

There are comprehensive management reporting disciplines in place which include the preparation of Budget, Financial Accounts and Annual reports in line with Public Finance Management Act [Chapter 22:19].

STRATEGIC PLANNING PROCESS

The overall strategy for Traffic Safety Council of Zimbabwe aligned with its mission, is to promote road traffic safety through safety education, training, publicity and research in cooperation with other stakeholders. Annual plans are compiled at both branch/regional level, with detailed plans for action and allocated responsibilities. Progress is reviewed regularly.

STAKEHOLDER ENGAGEMENT

Our business is shaped by the inclusion of a wide variety of perspectives from our stakeholders. Given this principle, stakeholder engagement is at the heart of what we do and embedded through every level. The Board of directors have direct access to the concerns and views of our stakeholders through the Annual General Meetings, Board and Committee Meetings, and the Company Secretary.

TRAFFIC SAFETY COUNCIL OF ZIMBABWE

2. ATTENDANCE OF MEETINGS DURING THE 2021 FINANCIAL YEAR

Member	Main Board Meeting	Operations and Public Relations	Audit Committee	HR & Finance	Risk Committee	AGM
Dr Machengete	2/7	-	-	-	-	-
Mr K.Sibanda	*	*	*	*	*	1/1
Mrs Mjanga	7/7	-	4/4	4/4	3/3	1/1
Mr Gongera	6/7	4/4	4/4	4/4	3/3	1/1
Mrs Matanhire	7/7	4/4	4/4	-	2/3	1/1
Mr Katsvairo	7/7	4/4	-	4/4	3/3	1/1
Mrs L. Masuka Dumwa	*	*	*	*		1/1
Ms Z. Mugota	*	*	*	*		1/1
Mr C. Gobo	7/7	4/4	4/4	4/4	3/3	1/1

Key:

*- Members were appointed this year.

NB: Dr. Machengete retired during the first half of 2021 while Mr. K. Sibanda, Mrs. L. Masuka Dumwa and Ms. Z. Mugota were appointed in November 2021. Board meetings exceeded the minimum 4 due to the recruitment processes for senior executives for the Council. The Risk Committee was established during the second quarter.

BOARD COMPENSATION SCHEDULE

Year	Board Fees	Total Expenditure	Percentage of Total Expenditure
2020	ZWL 1,295,437	ZWL 124,412,730	1.03%
2021	ZWL 1,553,599	ZWL 394,060,995	0.39%

The above table shows the Board fees paid to Non-Executive Directors in line with Corporate Governance Unit approved rates. In 2020 Board fees were 1.03% of the total expenditure and in 2021 Board fees were 0.39% of the total expenditure.

3. RISK MANAGEMENT

The aim of the TSCZ Risk Management process is to give assurance that the management system can achieve its intended results, enhance desirable effects to maximize opportunities, prevent or reduce the effects of the risks or undesirable effects and to improve the management system.

The Risk Management Process is in place for ensuring the effective identification, assessment, and management of all significant risks and opportunities to the organisation. Directives, policies, procedures or actions are established and implemented on an ongoing basis to ensure that action taken to manage risk in line with the TSCZ's risk tolerances and appetite.

4. INTERNAL CONTROL

The Council maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

The internal audit function operates under the direction of the Audit Committee. Significant findings are reported to both executive management and the Audit Committee. Corrective action is taken to address internal control deficiencies identified in the execution of the work. Nothing has come to the attention of the Directors that indicates any material breakdown in the functioning of the key internal controls and systems during the period under review. The Council has risk management and loss control procedures in place.

TRAFFIC SAFETY COUNCIL OF ZIMBABWE

5. IT GOVERNANCE

Strategy and Roadmap

The Council is aiming to provide ICT solutions through digitalization and automation of TSCZ systems, services, and products via our website and various other digital platforms. The goal is to research and continuously improve existing processes through aligning TSCZ ICT infrastructure and solutions with best standards towards improving business efficiency and effectiveness.

Network Infrastructure

For TSCZ to achieve best standards it is therefore primarily critical to build a foundation / backbone through establishing a high-performance network infrastructure. Under the continuous improvement mantra, TSCZ is currently running on a gigabit network infrastructure which is connecting all its branches across the nation.

Digitalization of Operational Processes

TSCZ is moving towards digitalization by preparing itself for integration with other stakeholders within the Ministry of Transport Infrastructural Development such as Central Vehicle Registry, and Vehicle Inspectorate Department. Some of the objectives of this initiative are to allow citizens easy access to TSCZ resources, remote coaching, and access to training materials, creation of a more authentic and secure data source, minimize corruption, student registration and course management.

Computer Testing Laboratory (Electronic Testing)

TSCZ is setting up a Computer Laboratory in order to automate DDC training and testing. Furthermore, this laboratory will be used to give exposure to the new learner drivers a feel of computer-based examinations of the provisional driver's licence held at the Vehicle Inspectorate Department by giving them access to dummy examination questions for preparation purposes.

Administration Processes Automation

We aim to automate three areas which are:

- **Procurement**

Under this module we shall automate areas such as Request for Payments, and Request for Quotations.

- **Human Resources**

Here the aim is to automate areas such as Leave Administration, Educational Allowance Request.

- **Finance and Administration**

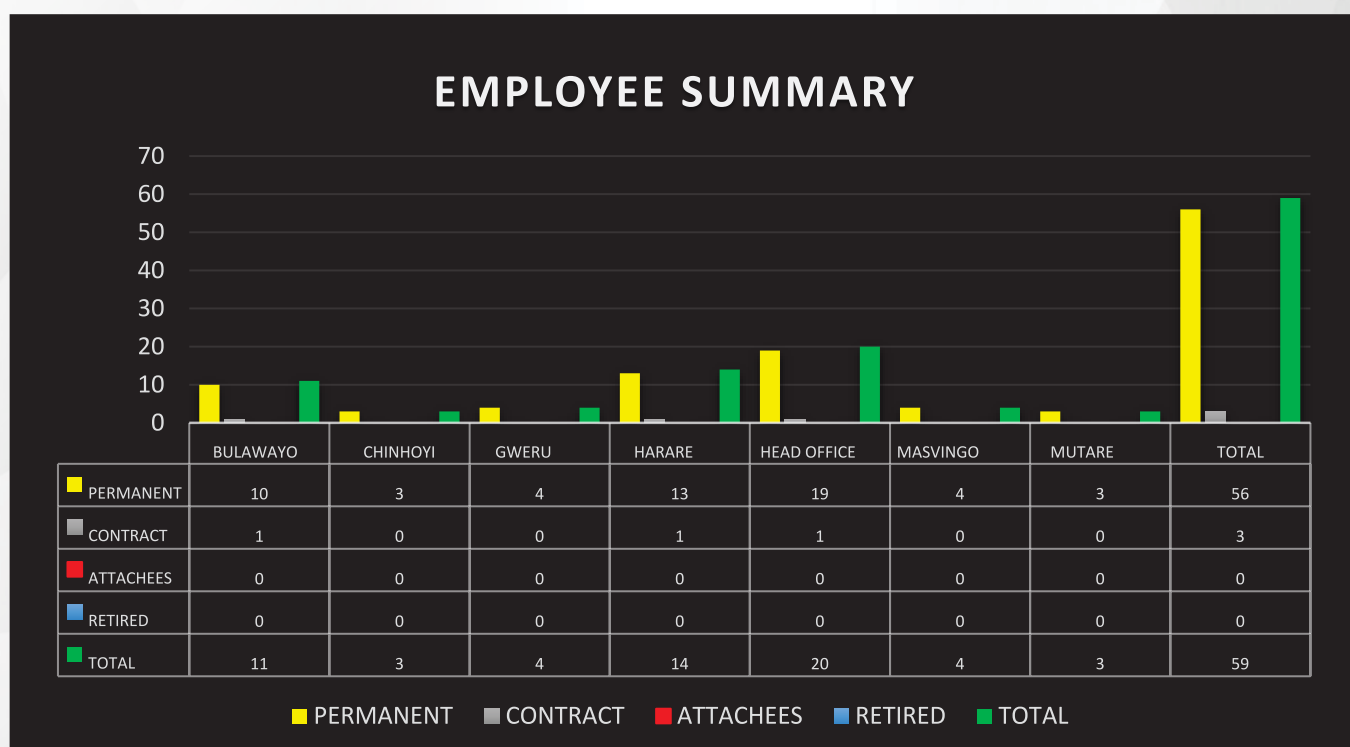
The goal is to automate areas such as Travel Subsistence Advance and Acquittal, Vehicle Requisition, and Fuel Requests.

PART D: HUMAN RESOURCES

The Traffic Safety Council of Zimbabwe had a total of 59 employees as at December 31, 2021. The quality of an organization is essentially defined by the quality of its employees. To maintain quality workforce, the Board constantly strives to invest in developing and enhancing staff skills to match the set growth demands of the Council. The dashboard below summarizes the number of employees:

VARIABLES						GENDER			
	PERMANENT	CONTRACT	ATTACHEES	RETIRED	TOTAL		FEMALE	MALE	TOTAL
BULAWAYO	10	1	0	0	11	BULAWAYO	6	5	11
CHINHOYI	3	0	0	0	3	CHINHOYI	1	2	3
GWERU	4	0	0	0	4	GWERU	2	2	4
HARARE	13	1	0	0	14	HARARE	8	6	14
HEAD OFFICE	19	1	0	0	20	HEAD OFFICE	11	9	20
MASVINGO	4	0	0	0	4	MASVINGO	2	2	4
MUTARE	3	0	0	0	3	MUTARE	1	2	3
TOTAL	56	3	0	0	59	TOTAL	31	28	59

The Council, in line with the Constitution section 56, has incorporated the principle of promoting gender equality and women's rights. Out of 7 Regional Managers, 5 are female. As shown in the table above, out of all employees, 53% are female while 47% are male.



PART E: THE FINANCIAL STATEMENTS

1. CAUTIONARY STATEMENT

The Directors would like to advise users to exercise caution in their use of these annual financial statements due to the material, and pervasive impact of the technicalities brought about by the change in functional currency in February 2019, its consequent effect on the usefulness of the financial statements for 2019 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these annual financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of the information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

As noted in the Council's 2020 annual report, the Directors have always ensured compliance with IFRS however, challenges were encountered due to the conflict between these Standards and local statutory requirements and as a result of the change in functional and reporting currency in the prior year.

2. ADOPTION OF IAS 29

Having assessed the impact of hyperinflation in the economy, the Public Accountants and Auditors Board (PAAB) advised that the conditions for adopting IAS 29 were satisfied with effect from 1 July 2019. IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. The Council has complied with this requirement, and financial commentary is therefore based on these inflation-adjusted financial statements. Financial statements prepared under the historical cost convention, have also been presented as supplementary information.



TRAFFIC SAFETY COUNCIL ZIMBABWE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2021

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Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10-22

Traffic Safety Council of Zimbabwe**Directorate and administration**

Board of directors

Mr. K.K. Sibanda	Chairman (Non-executive)
Mrs. F. Chikowero-Mjanga	Vice Chairperson (Non-executive)
Mr. K. Gongera	Member (Non-executive)
Mr. N.S. Katsvairo	Member (Non-executive)
Mrs. J. Matanhire	Member (Non-executive)
Mrs. L.M. Dumwa	Member (Non-executive)
Ms. Z.V. Mugota	Member (Non-executive)
Mr. C. Gobo	Director-Administration & Finance/Acting Managing Director
Mr. E. Muchena	Director-Operations (Acting)
Mrs. P. Gachira	Board Secretary

Registered office: No. 4 Park Street
P.O. Box CY293
Causeway
Harare

Business address: No. 4 Park Street
Harare

Bankers: ZB Bank
Commercial Bank of Zimbabwe (CBZ)
Standard Chartered Bank
People's Own Savings Bank

Auditors: MGI (Mazhandu) Chartered Accountants
2nd Floor, Methodist House
No. 7 Central Avenue
P.O. Box 6499
Harare

Lawyers: Dube, Manikai and Hwacha Legal Practitioners
6th Floor, Green Bridge
Eastgate Complex
Harare



Independent auditor's report

To the Ministry and Board of Directors

Report on the audit of the financial statements

We have audited the financial statements of the Traffic Safety Council of Zimbabwe set out on **pages 6 to 22** which comprise the statement of financial position as at **December 31, 2021**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Qualified Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Qualified Opinion section of our report, the Council's financial statements do not present fairly the financial position of the Council as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs).

Basis of Qualified Opinion

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information

The Council did not comply with IAS 21 "The Effects of Changes in Foreign Exchange Rates" as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") only from 22 February 2019.

Prior to 20 February 2019, the transacting and functional currency of the Zimbabwean economy was the United States dollar ("USD"). On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 20 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the United States Dollar ("USD") at a rate of 1:1 for the period up to this effective date. The rate of 1:1 was consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21 "The Effects of Changes in Foreign Exchange Rates":

The Council transacted using a combination of USD, electronic cash, bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement ("RTGS") system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, and RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

Independent auditor's report**To the Ministry and Board of Directors****Report on the audit of the financial statements**

Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

For the period up to 22 February 2019, the Council maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the RTGS\$ in compliance with the requirements of SI 33/19.

Whilst the timing of this conversion was in line with the dictates of SI 33/19, it constituted a departure from the requirements of IAS 21, and therefore the 2019 financial statements were not prepared in conformity with IFRS.

Our opinion on the current year's inflation adjusted statement of financial position is modified because of the possible effects of the matter on the comparability of the current year's inflation adjusted financial statements with that of the prior year.

Exchange rates used (Non-compliance with IAS 21)

As outlined in Note 3.1 to the Council inflation adjusted financial statements, for the year ended 31 December 2021, the Council translated foreign denominated transactions and balances using exchange rates determined from the interbank market and trading arrangements. In view of the continued distortions in the foreign exchange market during the year, the Council indicated that it could not establish observable and consistent market wide spot exchange rates that meet the requirements of IAS 21, the same pattern contributed to the Adverse Opinion in prior year on this matter.

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 Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (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 qualified opinion.

Key Audit Matters

Except for the matters in the Basis for Qualified Opinion section, we have determined that there were no key audit matters.

Other information

Management are responsible for the other information. The other information comprises the Management's Responsibility Statement and the Historical Financial Information, which we obtained prior to the date of this report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Council did not comply

4 of 22**Independent auditor's report****To the Ministry and Board of Directors****Report on the audit of the financial statements**

with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of the management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of auditors for 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.
- 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 going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If 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.

Independent auditor's report**To the Ministry and Board of Directors****Report on the audit of the financial statements**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Council audit. We remain solely responsible for our audit opinion. We communicate with the management 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 communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

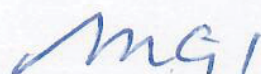
We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, 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.

Report on legal and other regulatory requirements

In our opinion, because of the significance of the matters discussed in the Basis for Qualified Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Traffic Safety Council Act (Chapter 13:17) with regards to the requirement to comply with the International Financial Reporting Standards.

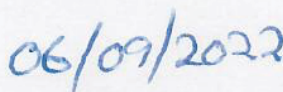
The engagement partner on the audit resulting in this independent auditor's report is Mr Fanuel Pange. (PAAB Practicing Certificate Number 0457).



MGI (Mazhandu) Chartered Accountants
Registered Public Auditors

Harare

September 06, 2022





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Traffic Safety Council of Zimbabwe

Statement of financial position

As at December 31, 2021

Assets	Note	INFLATION ADJUSTED		HISTORICAL	
		2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Non-current assets		565,744,050	331,053,344	565,744,050	331,053,344
Property and equipment	26	565,744,050	331,053,344	565,744,050	331,053,344
Current assets		444,386,532	115,941,349	444,386,533	66,892,917
Investments	5	243,517,421	40,103,014	243,517,421	24,908,704
Trade receivables	6	9,789,953	-	9,789,953	-
Other receivables	7	890,532	3,311,086	890,532	2,056,576
Inventory		10,912,595	12,852,240	10,912,595	2,862,414
Prepayments	8	11,994,500	27,267,795	11,994,500	16,936,518
Cash and cash equivalents	9	167,281,531	32,407,214	167,281,531	20,128,704
Total assets		1,010,130,582	446,994,693	1,010,130,583	397,946,261
Equity and liabilities					
Reserves		974,984,752	439,178,390	974,984,753	393,091,415
Retained income		915,601,226	439,178,390	568,775,837	83,513,852
Revaluation reserve		59,383,526	-	406,208,916	309,577,563
Current liabilities		35,145,830	7,816,303	35,145,830	4,854,846
Trade and other payables	10	35,145,830	7,816,303	35,145,830	4,854,846
Total equity and liabilities		1,010,130,582	446,994,693	1,010,130,583	397,946,261


Preparer: 

PAAB Number: 04874

S Sadzauchi

Date: 09/09/2022

(B.Com (Hon) Accounting (NUST), Chartered Certified Accountant (ACCA), RPAcc (Z)

Managing Director (Acting): 

Date: 09/09/2022

Mr. C. Gobo

Board Chairperson: 

Date: 12/09/2022

Mr. K.K. Sibanda

Traffic Safety Council of Zimbabwe

Statement of profit or loss and other comprehensive income

For the year ended December 31, 2021

		INFLATION ADJUSTED		HISTORICAL	
	Note	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>
Income		1,064,021,279	474,855,909	879,322,980	188,438,828
Revenue	11	942,281,229	466,286,805	762,522,208	185,034,446
Interest income	12	34,047,235	1,242,474	29,429,184	496,989
Other income	13	87,692,815	7,326,630	87,371,588	2,907,393
Expenditure		473,920,325	316,040,079	394,060,995	125,412,730
Safety, promotions and education	14	89,916,141	41,863,952	75,284,040	16,612,679
Staff costs	15	97,122,963	82,279,858	87,485,973	32,650,737
Administration costs	16	221,353,511	165,870,734	178,968,948	65,821,720
Board members' fees and expenses	17	2,024,276	3,264,501	1,553,599	1,295,437
Repairs and maintenance costs	18	47,943,004	22,761,034	37,931,313	9,032,156
Cost of sales	19	15,560,430	-	12,837,122	-
Surplus before net monetary changes		590,100,954	158,815,830	485,261,986	63,026,098
Net monetary gain/(loss)		(173,061,644)	132,645,856	-	-
Surplus/(deficit) for the year		417,039,310	291,461,686	485,261,986	63,026,098



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Traffic Safety Council of Zimbabwe

Statement of changes in equity

For the year ended December 31, 2021

INFLATED ADJUSTED	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Balance as at December 31, 2019	-	147,716,704	147,716,704
Surplus for the year	-	291,461,686	291,461,686
Balance as at December 31, 2020	-	439,178,390	439,178,390
Surplus for the year	59,383,526	417,039,310	476,422,837
Balance as at December 31, 2021	59,383,526	856,217,700	915,601,226
HISTORICAL			
Balance as at December 31, 2019	-	20,487,754	20,487,754
Surplus for the year	-	63,026,098	63,026,098
Revaluation surplus	309,577,563	-	309,577,563
Balance as at December 31, 2020	309,577,563	83,513,852	393,091,415
Surplus for the year	-	485,261,986	485,261,986
Revaluation surplus	96,631,353	-	96,631,353
Balance as at December 31, 2021	406,208,916	568,775,837	974,984,753



Traffic Safety Council of Zimbabwe

Statement of cash flows

For the year ended December 31, 2021

	INFLATION ADJUSTED		HISTORICAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>ZWL\$</u>	<u>ZWL\$</u>	<u>ZWL\$</u>	<u>ZWL\$</u>
Cash flows from operating activities				
Surplus/(deficit) for the year	417,039,310	291,461,686	485,261,986	63,026,098
	417,039,310	291,461,686	485,261,986	63,026,098
Adjustment for non-cash items				
Interest earned	-	(800,152)	-	(496,989)
Allowance for credit losses	-	731,853	-	454,567
Depreciation	-	7,333,626	-	4,555,047
IAS 29 Effect	59,383,526	(181,182,475)	-	-
Surplus before working capital changes	476,422,837	117,544,539	485,261,986	67,538,724
Working capital changes				
(Increase) in trade and other receivables	(9,789,953)	(731,853)	(9,789,953)	(454,567)
(Increase)/decrease in inventory	1,939,645	(926,975)	(8,050,181)	(575,761)
(Increase)/decrease in prepayments	15,273,295	(27,215,307)	4,942,018	(16,903,917)
(Increase) in short-term investments	(203,414,408)	(40,079,303)	(218,630,923)	(24,893,977)
(Increase)/decrease in staff loans	2,420,554	(2,597,511)	1,166,044	(1,613,361)
Increase in trade and other payables	27,329,526	780,904	30,290,985	485,034
Net cash flows from working capital changes	310,181,496	46,774,493	285,189,976	23,582,174
Return on investment and servicing of finance				
Interest received	-	800,152	-	496,989
Net cash inflow from operating activities	310,181,496	47,574,645	285,189,976	24,079,163
Cash flows from investing activities				
Purchase of property and equipment	(175,701,044)	(41,422,310)	(138,347,279)	(20,257,836)
Proceeds from disposal of property and equipment	393,868	-	310,132	-
Net cash outflows from investing activities	(175,307,177)	(41,422,310)	(138,037,147)	(20,257,836)
Increase/(decrease) in cash and cash equivalents	134,874,317	6,152,336	147,152,827	3,821,326
Movement of cash and cash equivalents				
Cash and cash equivalents at beginning of year	32,407,214	26,254,878	20,128,704	16,307,378
Increase/(decrease) in cash and cash equivalents	134,874,317	6,152,336	147,152,827	3,821,326
Cash and cash equivalents at end of year	167,281,531	32,407,214	167,281,531	20,128,704



Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

1 Nature of business

The main business of the Traffic Safety Council of Zimbabwe is to administer the funds of the Council in the terms of the Traffic Safety Council Act (Chapter 13:17), promote safety on roads, disseminate information on road safety, publish the Highway Code, establish standards of practice to be observed by driving schools. The Council also controls and regulates driving schools and persons who provide instruction in the driving of vehicles.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation and presentation

The Council's financial statements for the year ended 31 December 2021 have been prepared in compliance with the requirements of the Traffic Safety Council Act (Chapter 13:17). The financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Council's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollars (ZWL). The principal accounting policies applied in the preparation of the Council financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effects of Change in Foreign Exchange Rates), and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous annual financial statements. In the current year, the Council has adopted the requirements of IAS 29.

2.2 IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the Council's 2019 financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB) noted that the requirements of SI 33 were contrary to the provisions of IAS 21. The management has always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. In respect of the current financial year financial information, and as a result of the absence of an observable foreign exchange market throughout the period, the Council continues to be unable to meet the full requirements of IAS 21. Due to the material impact of these technicalities, management would like to advise users to exercise caution in their use of these inflation adjusted financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Functional and presentation currency

The financial statements have been presented in Zimbabwe Dollars ('ZWL'), being the functional and presentation currency. The Council had been using United States Dollars ('USD') as its presentation and functional currency since 2009 until the 22nd of February 2019, when Statutory Instrument ('SI') 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22:15) which introduced a local currency.

The authorities formally changed the country's functional currency with effect from 22 February 2019 and the Council only concluded the necessary system configurations on 31 March 2019. The Council maintained amounts prior to the configuration date at an exchange rate of 1USD:1ZWL. On date of configuration, foreign currency balances were converted at a rate of 1USD:2.5ZWL. Subsequently, foreign currency amounts were translated on a daily basis using the interbank rates as published by the RBZ and all local transactions were now being conducted in local currency.

Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

3.2 Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued a pronouncement on the application of IAS 29. The pronouncement requires the entities operating in Zimbabwe with financial periods ending on or after 1 July 2019, prepare and present financial statements in-line with the requirements of IAS 29.

The management has made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe dollar and for the purposes of fair presentation in accordance to IAS 29, these changes have been made on the historical cost financial information. Various assumptions have been made, with the significant assumption being use of consumer price indices ("CPI"), for the various years. This was due to the limitation of data available resulting in default to the CPI. The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2021.

Year end	INDICIES	FACTOR
CPI as at 31 December 2019	551.63	7.21
CPI as at 31 December 2020	2474.51	1.61
CPI as at 31 December 2021	3977.46	1.00
Average		
CPI average for 2021	1.579.09	2.52

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows:

- All items in income statements are restated by applying relevant monthly adjusting factors;
- The net effect of the inflation adjustments on the net monetary position of the Council is included in the income statement as a monetary loss or gain;
- Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date.
The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are;
- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;
- Non-monetary assets and liabilities are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;

Inventories are carried at the lower of indexed cost and net realisable value;

All items of cash flow statement are expressed in terms of measuring unit current at the reporting date.

3.3 Property and equipment

Property and equipment is stated at historical cost less subsequent depreciation and impairment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.



Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

Depreciation on assets is calculated on the straight line basis to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Land	No depreciation charged
Buildings	2.5% per annum
Motor vehicles	20% per annum
Office furniture and equipment	10% per annum
Computers	20% per annum
Training equipment	10% per annum
Kitchen	10% per annum
Soft furnishings	10% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted retrospectively, if appropriate, at each reporting date. An asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

3.4 Impairment of non-financial assets

Assets that have indefinite useful lives, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.5 Financial assets

The Council classifies its financial assets depending on the business cash flow model.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as "accounts receivable", "cash and cash equivalents" in the statement of financial position.

3.5.1 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Council commits to purchase or sell the asset.

3.5.2 Derecognition

A financial asset is derecognised when the Council loses control over the contractual rights that comprise the asset. A financial liability is derecognised when it is paid or settled.

3.5.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5.4 Impairment of financial assets

The Council assesses at each reporting date whether there is objective evidence that an asset or group of financial assets is impaired. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more occurred after initial recognition of the asset and prior to the reporting date (loss event), and that loss event has had an impact on the future cash flows of the financial asset that can be reliably estimated.

Traffic Safety Council of Zimbabwe**Notes to the financial statements****For the year ended December 31, 2021**

Objective evidence that a financial asset or group of financial assets is impaired includes observable comes to the attention of the Council about the following loss events:

- a) Significant financial difficulty of the issuer or obligor;
- b) A breach of contract such as a default or delinquency in interest or principal payments;
- c) It becomes evident that the borrower will enter bankruptcy or financial re-organisation;
- d) The disappearance of an active market for that financial asset because of financial difficulty;
- e) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Management first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

3.6 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is determined using the first in first out method. Net realizable value is the estimated selling price less estimated selling expenses.

3.7 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise:

- cash on hand; and
- balances with banks.

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates fair value.

3.8 Accounts receivable

Accounts receivable are amounts due from clients' audit fees and other services provided for by the Council. If collection is expected in one year or less, (or in normal operating cycle or if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivable are

recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.9 Provisions

Provisions are recognised when the Council 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 the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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.



Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

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.

3.10 Leases

The Council adopted IFRS 16 on 1 July 2019 as a replacement of IAS 17 Leases.

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Council as a lessee

The Council applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Council has leases of 12 months with low value rentals hence rentals are recognised as an expense.

3.11 Employee benefits

Both the employer and employees contribute to the National Social Security Authority Scheme (NSSA). This is a social security scheme which was promulgated under the National Social Security Act. The Council's obligations under the scheme are limited to specific contributions as legislated from time to time.

Termination benefits

Termination benefits are payable when the Council terminates employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

3.12 Revenue recognition

Revenue is recognised when performance obligation is satisfied according to IFRS 15. The entity recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer, which is when control is passed, either over time or at a point in time.

Control of an asset means having the ability to direct the use of, and obtain substantially all of the benefits from the asset.

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Council recognises revenue when performance obligations are satisfied when (i) it can identify the contracts with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, and (iv) allocate the transaction price.

(a) Income from insurance levy and sale of driving material and driving courses

Insurance levy income is recognised at their fair value in profit or loss where there is a reasonable assurance that the income will be received. Income from sale of driving material and courses is recognised on receipt.

(b) Interest income

Interest income is recognised using the effective interest method.

Traffic Safety Council of Zimbabwe**Notes to the financial statements****For the year ended December 31, 2021****3.13 Fair value measurements and valuation process**

Some of the Council's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Council makes use of market observable data to the extent that it is available. Where this is not available, the project uses third party qualified valuers to perform the valuation.

3.14 Financial risk management

The Council is exposed through its operations to the following financial risks:-

- a. Foreign exchange risk
- b. Credit risk
- c. Liquidity risk

In common with all other businesses, the Council is exposed to risks that arise from its use of financial instruments. This note describes the Council's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Council's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

(a) Foreign currency risk management

The Council is mainly exposed to the United States Dollar and Rand. The Council undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council. The Council has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable. The Council does not have any significant credit risk exposure to any single counterparty or any Council of counterparties having similar characteristics. The Council defines counterparties as having similar characteristics if they are related entities

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Council members, which has established an appropriate liquidity risk management framework for the management of the Council's short, medium and long-term funding and liquidity management requirements. The Council manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Borrowing facilities in the form of bank overdrafts and acceptance credits are negotiated with approved and registered financial institutions at acceptable interest rates. Expended overdraft facilities are repayable on demand. Approved financial institutions with sound capital bases are utilised to both borrow funds and invest surplus funds.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:



Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

	0 - 12 months ZWL	1 - 5 years ZWL	>5 years ZWL	Total ZWL
INFLATION ADJUSTED				
As at 31 December 2021				
Trade payables	35,145,831	-	-	35,145,831
	35,145,831	-	-	35,145,831
INFLATION ADJUSTED				
As at 31 December 2020				
Trade payables	7,816,303	-	-	7,816,303
	7,816,303	-	-	7,816,303

3.15 Capital management

The Council manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Council's overall strategy remains unchanged from previous years. The capital structure of the Council consists of debt and equity of the Council comprising issued capital, reserves and retained earnings. The Council is not subject to any externally imposed capital requirements.

Gearing ratio	INFLATION ADJUSTED		HISTORICAL	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Debt	-	-	-	-
Equity	974,984,752	439,178,390	974,984,753	393,091,415
Net debt to equity ratio	0%	0%	0%	0%

(i) Debt is defined as long term and short term borrowings

(ii) Equity includes all capital and reserves of the Council that are managed as capital.

(iii) Target debt to equity ratio is 0%.

(iv) The Council does not consider overdraft to be debt as it uses it intermittently to cover short term working capital requirements.

3.16 Fair value estimation

The carrying value of accounts receivable and payable is assumed to approximate their fair values. The fair value of financial instruments is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

4 Critical accounting estimates and judgments

In the application of the Council's accounting policies, which are described in note 3, management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



Traffic Safety Council of Zimbabwe

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Notes to the financial statements

For the year ended December 31, 2021

4.1 Useful lives of property and equipment

The Council assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 3.3 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value. The inflation adjusted carrying amount of the company's property, plant and equipment is ZWL506,360,523 with the historical carrying amount being ZWL565,744,050.

4.2 Impairment on accounts receivable

The provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a monthly basis. In determining the recoverability of a trade receivable the Council considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period as well as the value of security held over that receivable.

4.3 Revaluation of property plant and equipment

As a result of the change in functional currency, the revalued property, plant and equipment to align the values of the property, plant and equipment with the Zimbabwean dollar. An exchange rate of US\$1 to ZWL108.6667 was used to determine the valuation, with the revaluation gain recognised in the revaluation reserve through other comprehensive income. This exchange rate reflected the implied fair market rate of exchange based on procurement arrangements that the company had with local suppliers of raw materials. The revaluation was made in an attempt to more fairly present the company's Statement of Financial Position as at this date in Zimbabwe Dollars. As required by IAS 21, foreign monetary assets and liabilities in existence at 31 December 2021 have been translated to Zimbabwe Dollars at appropriate closing market rates of exchange, with any through the Council's Income Statement.

	INFLATION ADJUSTED		HISTORICAL	
	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>
5 Investments				
<i>Old Mutual</i>				
Balance as at January 1, 2021	24,908,704	23,710	24,908,704	14,727
Interest received	29,208,810	-	29,208,810	-
Investment	189,399,907	40,079,303	189,399,907	24,893,977
Balance as at December 31, 2021	243,517,421	40,103,014	243,517,421	24,908,704
6 Trade receivables				
Accrued income	12,237,441	3,430,665	12,237,441	2,130,848
Less: Bad debts written off	-	(2,698,812)	-	(1,676,281)
Allowance for credit losses	(2,447,488)	(731,853)	(2,447,488)	(454,567)
Total trade receivables	9,789,953	-	9,789,953	-
7 Other receivables				
Traveling and subsistence advances	890,532	3,311,086	890,532	2,056,576
Total other receivables	890,532	3,311,086	890,532	2,056,576
8 Prepayments				
Motor vehicle	11,994,500	25,080,580	11,994,500	15,578,000
Value Added Tax refundable	-	776,685	-	482,413
Manpower levy	-	18,897	-	11,737
Provision for outstanding taxes	-	1,391,632	-	864,368
Total prepayments	11,994,500	27,267,795	11,994,500	16,936,518



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Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
9 Cash and cash equivalents				
Banks	129,321,834	23,217,750	129,321,834	14,420,963
Ice Cash	37,866,197	9,111,557	37,866,197	5,659,352
Petty cash	-	18	-	11
Ecocash	93,500	77,889	93,500	48,378
Total cash and cash equivalents	167,281,531	32,407,214	167,281,531	20,128,704
10 Trade and other payables				
National Social Security Authority (NSSA)	105,967	5,890	105,967	3,659
Pay As You Earn (PAYE)	5,101,489	1,385,765	5,101,489	860,724
AIDS levy	169,501	68,068	169,501	42,278
Manpower levy	158,911	-	158,911	-
Standard levy	153,465	26,249	153,465	16,303
Funeral assurance	42,037	1,544	42,037	959
Pension accrued	2,001,112	961,738	2,001,112	597,353
Provision for leave pay	11,666,060	1,286,843	11,666,060	799,281
Audit fees provision	7,507,363	1,573,775	7,507,363	977,500
Sundry creditors	-	1,279,380	-	794,646
Value Added Tax refundable	6,979,585	-	6,979,585	-
Goods received note	510,747	595,293	510,747	369,747
Staff insurance	-	1,987	-	1,234
Medical aid	749,595	629,771	749,595	391,162
Total trade and other payables	35,145,831	7,816,303	35,145,830	4,854,846
11 Revenue				
Defensive driving courses	36,330,861	1,248,839	31,497,092	495,571
Highway codes	7,311,105	1,410,169	5,970,432	559,591
Certified Instructors Identity Cards	436,375	157,756	341,196	62,602
Assistant Instructors Identity Cards	-	660	-	262
Defensive Driving Paper Certificate	2,080,780	171,990	1,700,606	68,250
Driving School Motor Vehicle Logo	153,927	4,512	129,913	1,790
Driving School Premises Logo	111,871	11,885	91,703	4,716
Student Driver Handbook	49,404,023	2,299,746	43,444,251	912,598
Defensive driving Course Workbook	8,995,193	1,557,346	7,434,818	617,994
Plastic Defensive driving Card	20,730,955	3,446,343	17,056,327	1,367,596
Reg and renewal for co-perating agency	254,140	11,555	206,114	4,585
Penalty for lost certificates	300,178	-	234,497	-
Registration of driving schools	4,227,942	243,581	3,378,619	96,659
Registration of instructors	1,345,140	348,713	1,120,000	138,378
Insurance levy	810,598,737	455,373,711	649,916,640	180,703,853
Total revenue	942,281,229	466,286,805	762,522,208	185,034,446
12 Interest income				
Current accounts	274,967	463,303	220,375	185,321
Interest on loans	-	101	-	40
Interest on investments	33,772,268	779,069	29,208,810	311,628
Total interest income	34,047,235	1,242,474	29,429,184	496,989



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Notes to the financial statements

For the year ended December 31, 2021

	INFLATION ADJUSTED		HISTORICAL	
	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>
13 Other income				
Penalties	558,465	125,546	457,729	49,820
Traffic training center fees	38,154	30,016	32,489	11,911
Road assessment	301,266	53,817	236,854	21,356
Vision test	230,426	38,732	184,802	15,370
Sundry income	397,541	2,682,487	292,751	1,064,479
Inventory adjustment	-	1,279,514	-	507,743
Foreign exchange gain	86,166,963	-	86,166,963	-
Road safety campaigns participation fees	-	37,800	-	15,000
Decrease in allowance for credit losses	-	3,078,718	-	1,221,714
Total other income	87,692,815	7,326,630	87,371,588	2,907,393
14 Safety, promotions and education expenses				
Advertising and campaigns	75,819,718	35,300,815	63,481,535	14,008,260
Journalistic awards	3,252,401	1,514,282	2,723,136	600,905
Travel and subsistence	6,365,568	2,963,738	5,329,696	1,176,086
Purchase and production of certificates	3,635,953	1,692,859	3,044,273	671,770
Purchase and production of training materials	842,501	392,259	705,400	155,658
Total safety, promotions and education expenses	89,916,141	41,863,952	75,284,040	16,612,679
15 Staff costs				
Salaries, wages and allowances	96,763,125	60,158,515	87,296,209	23,872,427
Pension, NSSA and medical aid contributions	-	8,522,529	-	3,381,956
Staff entertainment	-	489,916	-	194,411
Staff funeral	359,838	729,623	189,764	289,533
Staff study grant and education assistance	-	3,284,377	-	1,303,324
Retrenchment costs	-	1,936,818	-	768,578
Zimbabwe Manpower Development Fund	-	586,335	-	232,673
Standard levy	-	261,439	-	103,746
Cash in lieu of leave	-	6,146,507	-	2,439,090
Staff welfare and cushioning allowance	-	163,800	-	65,000
Total staff costs	97,122,963	82,279,858	87,485,973	32,650,737
16 Administration costs				
Audit fees	7,534,019	2,463,300	7,507,363	977,500
Bad debts written off	-	4,224,228	-	1,676,281
Office rent	2,785,100	1,273,440	2,184,733	505,333
Other expenses	-	4,568,955	-	1,813,077
Insurance	10,026,176	4,505,862	7,716,378	1,788,040
Depreciation	-	11,478,719	-	4,555,047
Donations	333,665	-	254,200	-
Defensive driving facilitation expenses	1,410,919	-	1,171,406	-
Electricity	1,494,477	687,577	1,200,409	272,848
Teas, refreshments and cleaning	7,791,971	1,585,560	5,912,422	629,191
Telephone, internet and communication	15,516,149	6,687,657	12,885,554	2,653,832
Su-total administration costs	46,892,477	37,475,297	38,832,465	14,871,150



Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Administration costs (Continued)				
Printing, stationery, subscriptions and magazines	8,457,815	6,594,736	6,734,224	2,616,959
Computer consumables	2,662,673	1,158,343	2,292,174	459,660
Cleaning materials	1,641,157	887,259	1,363,071	352,087
Freight charges	2,196,672	979,881	1,881,573	388,842
Foreign exchange loss	-	46,953,258	-	18,632,245
Bank charges	13,304,320	6,846,301	10,724,093	2,716,786
Recruitment expenses	5,023,803	577,166	3,958,651	229,034
Rates and water	4,750,695	1,452,511	3,832,194	576,393
Fuel and oil	12,473,078	8,584,735	10,017,810	3,406,641
Transport and travelling costs	5,254,886	1,629,858	4,700,467	646,769
Security services	8,351,320	5,026,165	6,378,149	1,994,510
Seminars and staff development costs	5,118,457	1,716,492	4,192,639	681,148
Pandemic expenses	4,329,532	-	3,546,522	-
Staff uniforms and protective clothing	9,639,000	5,676,792	7,584,339	2,252,695
Professional fees (legal)	297,227	174,789	209,796	69,361
Professional consultancy fees	800,084	-	425,380	-
Commission allowed	74,865,215	36,992,550	58,361,610	14,679,583
Loss on disposal	4,237,302	-	4,106,344	-
Board members' expenses	8,610,309	2,590,325	7,379,958	1,027,907
Allowance for credit losses	2,447,488	-	2,447,488	-
ISO expenses	-	554,276	-	219,951
Total administration costs	221,353,511	165,870,734	178,968,948	65,821,720
17 Board members' fees and expenses				
Board members' fees	2,024,276	3,264,501	1,553,599	1,295,437
Total board members' fees and expenses	2,024,276	3,264,501	1,553,599	1,295,437
18 Repairs and maintenance costs				
Maintenance of equipment	-	3,474,064	-	1,378,597
Maintenance of properties	-	10,847,071	-	4,304,393
Maintenance of vehicles	47,943,004	8,439,899	37,931,313	3,349,166
Total repairs and maintenance costs	47,943,004	22,761,034	37,931,313	9,032,156
19 Cost of sales				
Highway Code	1,893,241	-	1,729,492	-
Certified Instructors ID Cards	3,015	-	2,388	-
Defensive Driving Paper Certificate	65,005	-	59,145	-
Driving School Motor Vehicle Logo	168,526	-	143,530	-
Driving School Premises Logo	168,526	-	90,773	-
Student Driver Handbook	5,408,463	-	4,483,148	-
Defensive Driving Course Workbook	225,479	-	186,787	-
Defensive Driving Certificate Personalisation	7,628,176	-	6,141,859	-
Total cost of sales	15,560,430	-	12,837,122	-
20 Provision for audit fees				
At the beginning of the year	1,573,775	2,090,900	977,500	290,000
Created during the year	7,507,363	1,573,775	7,507,363	977,500
Utilised during the year	(1,573,775)	(2,090,900)	(977,500)	(290,000)
At the end of the year	7,507,363	1,573,775	7,507,363	977,500



Traffic Safety Council of Zimbabwe

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Notes to the financial statements

For the year ended December 31, 2021

	INFLATION ADJUSTED		HISTORICAL	
	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>
21 Provision for leave pay				
At the beginning of the year	1,286,843	6,321,047	799,281	876,706
Created during the year	11,666,060	1,286,843	11,666,060	799,281
Utilised during the year	(1,286,843)	(6,321,047)	(799,281)	(876,706)
At the end of the year	11,666,060	1,286,843	11,666,060	799,281

22 Retirement benefit obligations**National Social Security Authority (NSSA) Scheme**

The Council and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The Council's obligations under the scheme are limited to specific contributions legislated from time to time.

23 Going concern

The Management has satisfied themselves that the Council has adequate resources to continue in operational.

IMPACT OF COVID-19

The Council's operations were directly affected by the pandemic, we had to operate with skeleton staff during partial lockdown and was fully closed during the January to March total lockdown. Sales were directly affected especially during the total lockdown. Operating hours were changed to 8am as the starting time and 3pm as the closing time. To mitigate the impact on the much needed domestic resources the Council put in place online platforms to continuously deliver on our mandate. The Council also partnered with Icecash payment platform. Online issuance of vehicle licences improved revenue collection.

24 Events after the reporting period

There were no events that warranted disclosure.

	INFLATION ADJUSTED		HISTORICAL	
	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>	<u>2021</u> <u>ZWL\$</u>	<u>2020</u> <u>ZWL\$</u>
25 Related party transactions				
Short term employee benefits paid by the Council to key management of the Council	2,024,276	3,264,501	1,553,599	1,295,437
Total	2,024,276	3,264,501	1,553,599	1,295,437

Key management consists of the executive committee members

Related party	Nature of relationship
Mr. C. Gobo	Director-Administration & Finance/Acting Managing Director
Mr. E. Muchena	Director-Operations (Acting)
Mrs. P. Gachira	Board Secretary



Traffic Safety Council of Zimbabwe

Notes to the financial statements

For the year ended December 31, 2021

Historical

26 Property and equipment

Description	Land and buildings	Motor Vehicles	Computers	Furniture and Office Equipment	Training Equipment	Kitchen Equipment	Soft Furnishings	Total 2021 ZWL\$	Total 2020 ZWL\$
At December 31, 2021									
Cost/valuation	409,632,163	124,872,143	8,510,041	14,766,823	6,097,882	793,071	1,071,927	565,744,049	331,053,344
Net book value	409,632,163	124,872,143	8,510,041	14,766,823	6,097,882	793,071	1,071,927	565,744,050	331,053,344
Year ended December 31, 2021									
Opening net book value	270,680,350	44,848,348	2,627,385	7,817,036	4,577,467	440,098	62,660	331,053,344	5,772,992
Additions	48,590,388	78,159,705	5,384,238	4,740,421	230,548	232,712	1,009,267	138,347,279	20,257,836
Revaluation reserve	90,361,425	2,174,222	498,418	2,209,366	1,289,867	120,261	-	96,653,559	309,577,563
Disposals	-	(310,132)	-	-	-	-	-	(310,132)	-
Depreciation charge for the year	-	-	-	-	-	-	-	-	(4,555,047)
Closing net book value	409,632,163	124,872,143	8,510,041	14,766,823	6,097,882	793,071	1,071,927	565,744,050	331,053,344

Inflation adjusted

26 Property and equipment

Description	Land and buildings	Motor Vehicles	Computers	Furniture and Office Equipment	Training Equipment	Kitchen Equipment	Soft Furnishings	Total 2021 ZWL\$	Total 2020 ZWL\$
At December 31, 2021									
Cost/valuation	409,632,163	124,872,143	8,510,041	14,766,823	6,097,882	793,071	1,071,927	565,744,050	331,053,344
Net book value	409,632,163	124,872,143	8,510,041	14,766,823	6,097,882	793,071	1,071,927	565,744,050	331,053,344
Year ended December 31, 2021									
Opening net book value	270,680,350	44,848,348	2,627,385	7,817,036	4,577,467	440,098	62,660	331,053,345	25,920,733
Additions	61,709,793	99,262,825	6,837,982	6,020,335	292,796	295,544	1,281,769	175,701,044	41,422,310
Revaluation reserve	77,242,019	(18,945,163)	(955,327)	929,452	1,227,619	57,428	(272,502)	59,383,526	277,515,696
Disposals	-	(393,868)	-	-	-	-	-	(393,868)	-
Depreciation charge for the year	-	-	-	-	-	-	-	-	(13,805,397)
Closing net book value	409,632,163	124,872,143	8,510,041	14,766,823	6,097,882	793,071	1,071,927	565,744,050	331,053,344

PART F: CONCLUSION

The above information, provided in this report, provides a detailed breakdown of how Traffic Safety Council of Zimbabwe has operationally fared in the recent past with comparisons to the most recent reporting period and the past few annual reporting periods. This information is of great value to the Shareholder and Stakeholders to understand the Council's operations and financial performance. Our strategies remain hinged on the National Development Strategy 1 (NDS 1) target of reducing road crashes and fatalities by 25% margin per annum. Additionally, the Council's operations are also guided by the United Nations Global Plan for the United Decade of Action for Road Safety 2021-2030 whose target is to prevent at least 50% of road traffic deaths & injuries by 2030. This seeks to save thousands of lives in our country by building road safety management capacity; improving the safety of road infrastructure; further developing the safety of vehicles; enhancing the behavior of road users; and improving post-crash response.

THE END



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