

ZIMBABWE OPEN UNIVERSITY

FINANCIAL STATEMENTS

31 December 2023

ZIMBABWE OPEN UNIVERSITY

BUSINESS:

Zimbabwe Open University was established by an Act of Parliament, ZOU Act (Chapter 25:20) in 1999. The University's principal activities are to provide Higher Education through Open and Distance electronic Learning (ODEL). ZOU offers degrees (undergraduate and postgraduate), diplomas, certificates, and short courses in the respective faculties. Student enrolment at ZOU has been growing steadily from the time of its formation. The Zimbabwe Open University operates on a regional scale. It has established Campuses in all the ten provinces of the country. Each regional campus serves as the hub for all the learning activities for students in that province: from registration to face-to-face tutoring and counselling, and from assignment administration to a venue for invigilated examinations. ZOU has a Virtual Regional Campus that caters for regional and international students.

COUNCILLORS

Mrs Chipo Mtasa (Chairperson)	Mr Izekiel Machingambi
Mr Albert Joel Nduna (Vice Chairperson)	Dr Amos Munzara
Professor Paul Henry Gundani (Vice Chancellor)	Professor Francis Temba Mugabe
Professor Herbert Chimhundu	Mrs Fortunate Sekeso
Professor Ermson Zuva Nyakatawa	Professor Raphinos Chabaya
Mr Kennel Madzirerusa	Professor Enna Sukutai Gudhlanga
Professor Tavonga Njaya	Mr Loyd Manyema
Engineer Munyaradzi Rangarirai	Mrs Rumbidzai Dihwa
Dr Hespina Rukato	Ms Tsanangurayi Chirau
Ms Loice Ngulube	Professor Edmore Masama
Mrs Tabitha Zinyama	Dr John Mbwirire
Mr Didymus Dewa	Mr Jonas Mushosho
Professor Lincoln Hlatywayo	Mr Bongani Runya

BURSAR:

Dr G Shoko

OFFICE:

Comer House
Comer Samora Machel/Leopold Takawira
HARARE

AUDITORS

AMG Global Chartered Accountants (Zimbabwe)
3 Elcombe Avenue, Belgravia
HARARE

MAIN BANKERS

CBZ Bank Limited
ZB Bank
FBC Bank
POSB
AFC Bank

ATTORNEYS

Wintertons Legal Practitioners	Mvingi and Mugadza Legal Practitioners
3 Pascoe Avenue	7 th Floor Pegasus
Belgravia	52-54 Samora Machel Avenue
HARARE	HARARE

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ZIMBABWE OPEN UNIVERSITY

COUNCIL'S RESPONSIBILITY STATEMENT

Council is required by the Zimbabwe Open University Act (Chapter 25:20) to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the situation of the University as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

The Council acknowledges that they are responsible for the other information in the Annual Report. The other information includes the Chairman's and Audit Committee's reports, amongst other reports. Other information does not include the financial statements and the auditor's report.

The external auditors are responsible for independently auditing and reporting on the University's financial statements. The financial statements and related notes have been examined by the University's external auditors and their report is presented on pages 2 to 4.

These financial statements were prepared under the supervision of Dr G. Shoko, Associate Member of the Institute of Bankers Zimbabwe (AIBZ).

The financial statements and the related notes set out on pages 5 to 29, which have been prepared on the going concern basis, were approved by Council and were signed on its behalf by:

..... (Mrs Chipo Mtasa - Council Chairperson)

..... (Prof. Paul Henry Gundani - Vice Chancellor)

31 March 2023



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZIMBABWE OPEN UNIVERSITY

Opinion

We have audited the financial statements of Zimbabwe Open University (“the University”), set out on pages 5 to 29, and comprising the following:

- The statement of financial position as at 31 December 2023;
- The statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year ended 31 December 2023;
- A summary of the significant accounting policies applied by the University during the year ended 31 December 2023; and
- Notes on the financial statements.

In our opinion, the financial statements are properly drawn up in accordance with IFRS Accounting Standards as issued by the International Standards Board and in all material respects, give a true and fair view of the financial position of the University as of 31 December 2023, and its financial performance and cash flows for the year then ended.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Those standards require that, in conducting the audit, we comply with ethical requirements. The standards also require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. We are independent of the Fund in terms of the Institute of Chartered Accountants of Zimbabwe (“ICAZ”) Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. Key audit matters are selected from the matters communicated with the Council but are not intended to represent all matters that were discussed with them.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of trade and other receivables	
<p>The University's gross trade and other receivables amounted to ZWL28 720 581 549 (2022: ZWL16 912 701 278) at year end. An allowance for credit losses of ZWL2 012 300 589 (2022: ZWL1 119 369 412) was provided for at year end. The Zimbabwean economy is currently facing liquidity challenges and the recoverability of trade and other receivables could be doubtful. The valuation of trade and other receivables was therefore considered a key audit matter.</p>	<p>We focused our attention on assessing the recoverability of trade and other receivable and our procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed and considered the efficacy of the internal controls in the revenue and credit management cycles. • We performed tests of details and analytical procedures on students' receivable transactions during the year. • We assessed the adequacy and appropriateness of the University's policies and procedures on providing for credit losses and writing off bad debts; • We verified the computations and the adequacy of the allowance for credit losses; • We assessed the recoverability of long outstanding and past due receivables; and • We assessed the debtors' performance post year end and up to the date of our report. <p>We were satisfied with the results of our audit procedures.</p>
Validity, accuracy and completeness of staff costs	
<p>The University's staff costs amounting to ZWL54 538 974 921(2022: ZWL19 904 573 756) for the year ended 31 December 2023 account for a significant component of the University's total expenditures.</p> <p>Accordingly, the validity, accuracy and completeness of staff costs was assessed to be a key audit matter.</p>	<p>Our approach focused on assessing the validity, accuracy and completeness of staff costs and our procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the human resources and payroll cycles as well as the internal controls in place therein; • We assessed the operational effectiveness of internal controls in human resources management and payroll systems; • We performed analytical reviews on staff costs; • We verified salary grants from the Government of Zimbabwe; • We verified salaries and benefits paid to employees against approved scales from the University's parent Ministry as well as the respective staff member's employment contracts; and • We verified the accuracy and processing of payroll journals posted in the University's accounting system. <p>We were satisfied with the results of our procedures.</p>

Going concern

The University's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless the Council either intends to cease operations or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The Council has not identified a material uncertainty that may cast significant doubt on the University's ability to continue operating as a going concern, and accordingly none is disclosed in the financial statements.

Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither the Council nor the auditor can guarantee the University's ability to continue operating as a going concern.

Council responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and the financial reporting requirements of the Zimbabwe Open University Act (Chapter 25:20), as well as for such internal control the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

The financial statements were prepared under the supervision of Dr G. Shoko, Associate Member of the Institute of Bankers Zimbabwe (AIBZ).

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls 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 University's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the Council 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 are also required to provide the Council 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.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the disclosure and presentation requirements of the Zimbabwe Open University Act (Chapter 25:20).

The Engagement Partner responsible for the audit resulting in this independent auditor's report is Tariro Mhuka, Registered Public Auditor, PAAB Practising Certificate number 0423.

AMG Global

**AMG Global
Harare**


31 March 2024

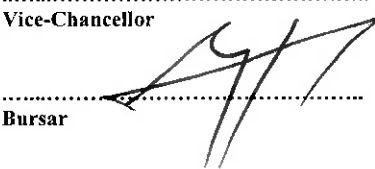
ZIMBABWE OPEN UNIVERSITY

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	Inflation adjusted		Historical	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
ASSETS					
Non-current assets					
Property and equipment	3	67 930 852 896	51 642 018 578	67 930 852 896	10 747 558 497
Intangible assets	4	794 947 831	955 670 938	794 947 831	198 890 934
Biological assets	5	64 954 244	52 397 559	64 954 244	10 904 799
		<u>68 790 754 971</u>	<u>52 650 087 075</u>	<u>68 790 754 971</u>	<u>10 957 354 230</u>
Current assets					
Inventories	6	169 706 590	333 495 254	103 044 011	55 939 707
Biological assets	5	-	17 985 802	-	3 743 143
Trade and other receivables	7	28 720 581 549	16 912 701 278	28 500 315 332	3 414 373 467
Cash and cash equivalents		3 604 851 396	1 203 334 616	3 604 851 396	250 433 844
		<u>32 495 139 535</u>	<u>18 467 516 949</u>	<u>32 208 210 739</u>	<u>3 724 490 161</u>
Total assets		<u>101 285 894 506</u>	<u>71 117 604 024</u>	<u>100 998 965 710</u>	<u>14 681 844 391</u>
RESERVES AND LIABILITIES					
Reserves					
Reserves per statement of changes in funds		94 079 766 708	64 962 034 401	93 792 837 912	13 400 768 507
Non-current liabilities					
Other financial liabilities	8	47 011 707	225 480 872	47 011 707	46 926 300
Deferred income – Government grant	9	370 332 496	584 945 684	370 332 496	121 736 875
Obligations under finance leases	10	8 815 767	42 359 808	8 815 767	8 815 777
Long-term portion of loans payable	11	92 627 210	94 189 979	92 627 210	19 602 493
		<u>518 787 179</u>	<u>946 976 343</u>	<u>518 787 179</u>	<u>197 081 445</u>
Current liabilities					
Trade and other payables	12	3 141 647 303	2 516 316 607	3 141 647 303	523 687 119
Other financial liabilities	8	137 880 205	4 147 085	137 880 205	544 196 035
Provisions	13	3 296 611 235	2 614 861 948	3 296 611 235	863 077
Deferred income – government grant	9	49 625	238 448	49 625	49 625
Obligations under finance leases	10	-	7 837	-	1 631
Short-term portion of loans payable	11	111 152 251	73 021 354	111 152 251	15 196 952
		<u>6 687 340 619</u>	<u>5 208 593 279</u>	<u>6 687 340 619</u>	<u>1 083 994 439</u>
Total liabilities		<u>7 206 127 798</u>	<u>6 155 569 623</u>	<u>7 206 127 798</u>	<u>1 281 075 884</u>
Total reserves and liabilities		<u>101 285 894 506</u>	<u>71 117 604 024</u>	<u>100 998 965 710</u>	<u>14 681 844 391</u>


.....
Council Chairperson


.....
Vice-Chancellor


.....
Bursar

31 March 2024

ZIMBABWE OPEN UNIVERSITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2023

	Note	Inflation adjusted		Historical	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
INCOME					
Revenue	14	102 041 908 162	49 239 028 204	59 101 343 714	7 965 956 303
Operating expenses	15	(86 548 676 254)	(33 121 360 487)	(55 774 749 922)	(5 084 840 725)
Loss on disposal of property and equipment		(169 323 600)	-	(35 617 080)	-
Operating surplus/(deficit)		<u>15 323 908 308</u>	<u>16 117 667 717</u>	<u>3 290 976 712</u>	<u>2 881 115 578</u>
Fair value gain/(loss) on biological assets		54 049 445	9 917 731	54 049 445	9 411 673
Fair value adjustment on intangible assets		629 506 035	950 731 854	629 506 035	198 179 014
Foreign currency translation gains		39 479 025 215	335 641 104	25 075 410 400	69 852 467
Net financing income/(costs)	16	598 516 976	73 691 783	443 625 704	15 765 202
Surplus for the year		<u>56 085 005 978</u>	<u>17 487 650 193</u>	<u>29 493 568 296</u>	<u>3 174 323 934</u>
Net (loss)/gain on monetary position		(34 590 790 170)	(2 753 377 086)	-	-
Other comprehensive income:		15 849 490 755	14 734 273 107	-	-
Revaluation surplus		13 268 241 553	654 954 063	50 898 501 110	7 228 837 763
Total comprehensive income for the year		<u>29 117 732 308</u>	<u>15 389 227 170</u>	<u>80 392 069 406</u>	<u>10 403 161 697</u>

ZIMBABWE OPEN UNIVERSITY

STATEMENT OF CHANGES IN RESERVES
year ended 31 December 2023

	Revaluation surplus ZWL	Other reserve ZWL	Total reserve ZWL	Accumulated fund ZWL	Total ZWL
INFLATION ADJUSTED					
Balances as at 31 December 2021	58 595 921 917	2 945 818 720	61 541 740 637	(11 968 931 244)	49 572 809 393
Total comprehensive income for the year	654 954 063	-	654 954 063	14 734 270 945	15 389 225 008
Balances as at 31 December 2022	59 250 875 980	2 945 818 720	62 196 694 701	2 765 339 701	64 962 034 401
Total comprehensive income for the year	13 268 241 553	-	13 268 241 553	15 849 490 754	27 221 490 043
Balance as at 31 December 2023	<u>72 519 117 533</u>	<u>2 945 818 720</u>	<u>75 464 936 253</u>	<u>18 614 830 455</u>	<u>94 079 766 708</u>
HISTORICAL					
Balances as at 31 December 2021	2 880 233 949	2 708 509	2 882 942 458	114 664 310	2 997 606 768
Total comprehensive income for the year	7 228 837 763	-	7 228 837 763	3 174 323 934	10 403 161 697
Balances as at 31 December 2022	10 109 071 712	2 708 509	10 111 780 221	3 288 988 286	13 400 768 507
Total comprehensive income for the year	50 898 501 110	-	50 898 501 110	29 493 568 296	80 392 069 405
Balance as at 31 December 2023	<u>61 007 572 822</u>	<u>2 708 509</u>	<u>61 010 281 331</u>	<u>32 782 556 582</u>	<u>93 792 837 912</u>

ZIMBABWE OPEN UNIVERSITY

STATEMENT OF CASH FLOWS
year ended 31 December 2023

	Note	Inflation adjusted		Historical	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating cash flow					
Operating surplus		56 085 005 978	17 522 953 388	29 493 568 296	3 174 323 934
Adjustments for:					
Monetary loss	(34 590 790 170)		(1 810 168 685)	-	-
Depreciation on property and equipment	3 314 347 415		1 573 948 364	731 261 018	95 240 839
Amortisation of intangible assets	-		-	-	-
Finance costs/(income)	(598 516 975)		(73 691 786)	(443 625 704)	(15 765 202)
Fair value adjustment on intangible assets	(629 506 035)		(950 731 854)	(629 506 035)	(198 179 014)
Fair value gain on biological assets	(54 049 445)		(27 724 557)	(53 987 832)	(9 411 673)
Deferred income	(49 625)		(238 448)	(49 625)	(49 625)
Loss/(profit) on disposal of assets	169 335 805		-	35 617 080	-
Net operating cash flows before reinvestment in working capital		23 695 776 954	16 234 346 422	29 133 215 586	3 046 159 259
Increase in inventories		181 774 466	(200 402 149)	(43 361 161)	(49 386 078)
(Increase)/decrease in trade and other receivables	(11 807 880 27)		(14 466 280 747)	(25 085 941 865)	(3 249 806 365)
(Decrease)/increase in trade and other payables	1 307 079 983		878 763 458	5 539 335 400	867 667 934
Net cash generated from operations		13 376 751 131	2 446 426 983	9 543 267 960	614 634 750
NET CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property and equipment	(11 424 991 000)		(4 637 884 113)	(6 707 362 057)	(714 641 870)
Acquisition of biological assets	-		(18 126 939)	-	(3 743 143)
Acquisition of intangible assets	-		(2 230 721)	-	(431 654)
Proceeds from disposal of biological assets	8 952 045		1091 125	1 882 920	1 679 259
Net cash flows from investing activities	(11 416 038 955)		(4 648 150 649)	(6 705 479 138)	(717 137 408)
NET CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowings	-		17 883 196	-	33 121 979
Payments of obligations under finance leases	(3 941)		(7 755)	(1 641)	(952)
Other financial liabilities	(44 736 045)		176 615 223	137 102 490	44 582 160
Repayment of loans payable	(112 972 386)		(52 96 238)	(64 097 823)	(6 627 346)
Finance (costs)/ income paid/ received	598 516 975		73 691 786	443 625 704	15 765 202
Grant receivable	-		620 131 008	-	120 000 000
Net cash flows from financing activities	440 804 603		990 217 221	516 628 730	206 841 043
INCREASE IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at the beginning of the year		2 401 542 194	(1 211 506 445)	3 354 417 552	104 338 385
Cash and cash equivalents at the end of the year		1 203 334 616	2 414 841 061	250 433 844	146 095 459
		3 604 851 396	1 203 334 616	3 604 851 396	250 433 844

ZIMBABWE OPEN UNIVERSITY

ACCOUNTING POLICIES

31 December 2023

The principal accounting policies of the University, which are set out below, are consistently applied in all material respects in the preparation of the University's financial statements.

BASIS OF PREPARATION

The financial statements are presented in Zimbabwe dollars. They are based on the historical cost convention and adjusted to take account of the effects of inflation in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies). The adjusted amounts are presented side by side with the unadjusted figures from where they are derived. The inflation adjusted financial statements constitute the University's primary financial statements whilst the historical cost financial statements are supplementary.

The economy in Zimbabwe is hyperinflationary. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures be stated in terms of the same measuring unit.

Accordingly, these financial statements have been adjusted, to take account of the changes in the general purchasing power of the Zimbabwe dollar and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The adjustments are based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe Central Statistical Office and published on the Reserve Bank of Zimbabwe's website. The indices and conversion factors applied, are disclosed by way of a note.

The main procedures applied in the adjustments of transactions and balances are as follows:

- Monetary assets and liabilities as at the end of the current year being reported on are not adjusted because they are already stated in terms of the measuring unit current at balance sheet date.
- Non-monetary assets and liabilities, and components of accumulated funds, are adjusted by applying the change in the index from the date/month of the transaction or, if applicable, from the date of their most recent revaluation to the balance sheet date.
- Equipment and intangible assets are adjusted by applying the change in the index from the date of transaction, or if applicable, from the date of their most recent/last revaluation to the balance sheet date. Depreciation and amortization amounts are based on the adjusted amounts.
- Statement of comprehensive income items/transactions, except depreciation and amortization charges as explained above, are adjusted by applying the monthly price indices for the respective months when the income and/or expenses were incurred.
- Gains and losses arising from the net monetary asset or liability positions are included in the profit and loss statement; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Zimbabwe Dollars (ZWL) which is the University's functional and presentation currency.

ZIMBABWE OPEN UNIVERSITY

ACCOUNTING POLICIES 31 December 2023

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

Changes in accounting policies and disclosure

The following new standards, amendments and interpretations are effective for the first time for 31 December 2023 year ends and are relevant to the University.

Standard Interpretation	Content	Applicable for financial years beginning on/after
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping the University determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023

ZIMBABWE OPEN UNIVERSITY

ACCOUNTING POLICIES

31 December 2023

New and revised IFRSs in issue but not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2024 and are expected to be relevant to the University. The University is in the process of assessing the potential impact that the adoption of these Standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
IFRS S2 Climate-related disclosure	IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024

REVENUE RECOGNITION

Revenue represents amounts receivable in the ordinary course of business from the provision of education services, and grants received from the Government. The steps applied in recognising revenue are as follows: (a) Identify the contract(s) with a customer, (b) Identify the performance obligations in the contract, (c) Determine the transaction price, (d) Allocate the transaction price to the performance obligations in the contract, and (e) Recognise revenue when the entity satisfies a performance obligation. When a performance obligation is satisfied, the University recognise as revenue the amount of the transaction price that is allocated to that performance obligation.

Government grants related to income

Government grants intended for recurrent expenditure are recognized as income in the statement of profit or loss and other comprehensive income in the period in which they are received.

Government grants related to assets

Grants that are intended for capital expenditure are recognized as deferred income. Deferred income is amortised through the statement of profit or loss and other comprehensive income over the useful lives of the assets financed by the grants.

Other grants

Grants and donations from Government are accounted for on a receipt basis.

Student fees income

The student fees income is accounted for on an accrual basis and it is recognised when the amount can be measured reliably and it is probable that the University will receive any consideration. Student fees are recorded as income in the period to which they relate. Deposits received in advance from students are recognised as income upon registration in the period they relate to.

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Rental income

Rental income is accounted for on an accrual basis.

Interest income

Interest income is recognised on a time proportion basis considering the principal outstanding and effective rate over the period to maturity.

BIOLOGICAL ASSETS

Biological assets comprise of livestock and seasonal crops. Livestock comprises, goats and fish. Livestock is valued at its fair value. Crops are recognized up to the point of harvest, at cost incurred to produce the crop. After harvest, crops are accounted for as inventories. Gains or losses on revaluation are included in profit or loss for the period in which they arise.

PROPERTY AND EQUIPMENT (“PE”)

Recognition

Items of PE are recognised as an asset when:

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

Measurement

Property and equipment is initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Property and equipment is subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Depreciation

Land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Item	Average use life
Land	Not depreciated
Buildings	40 years
Furniture and fixtures	10 years
Motor vehicles	5 years
IT equipment	3-5 years
Farm equipment	3-10 years

At the date of revaluation, the accumulated depreciation on the asset is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued property and equipment, over the amount that would have been charged on a historical cost basis, is

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transferred from the revaluation reserve to retained earnings when the property and equipment are expensed through the statement of profit or loss and other comprehensive income (e.g. depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

Impairment

The carrying amounts of the University's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Calculation of recoverable amount

The recoverable amount of items of property and equipment is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Reversal of impairment

Any impairment losses previously recognised are reversed if there has been a change in the estimates used to determine the recoverable amount. The increased carrying amount of an asset due to a reversal of an impairment loss should not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

De-recognition of PE

PE is de-recognised when the asset is disposed of or retired from use and/or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is included in the profit or loss in the period the PE item is de-recognised.

INVENTORIES

Stationery and other consumables

Stationery and other consumables are measured on the First-In-First-Out basis less any inventory write downs. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

EMPLOYEE RETIREMENT BENEFITS

Contributions to defined contribution pension schemes are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short term highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and-for the purpose of the cash flow statement it includes bank overdraft.

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FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are recognised in the University's statement of financial position when the University becomes a party to the contractual provisions of the financial instrument.

Measurement

Financial instruments are initially measured at fair value, which includes transactions costs and recognized in the financial statements when the University becomes part to the contractual provisions of the instrument. Subsequent to initial recognition of these instruments, they are measured as set out below:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Derecognition of financial assets

Investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the University has also transferred substantially all risks and rewards of ownership. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the financial assets are derecognized or impaired, as well as through the amortisation process.

Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements.

Financial liabilities

The University classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprises financial liabilities that are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events that, however, are beyond the control of the University. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an

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outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provision for this litigation would be made at such a time as an unfavourable outcome becomes probable and the amount reasonably estimated.

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

FOREIGN CURRENCIES

Monetary assets and liabilities as at year end are translated into ZWL Dollars currency at rates of exchange ruling at the year-end. Transactions during the year are converted at the rates of exchange ruling at the dates of the transactions. Exchange rate differences arising on the translation of monetary assets and liabilities are included in the statement of comprehensive income.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are expensed in the year in which they are incurred.

PROVISIONS

Provisions are recognised when the University has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

TAXATION

The University is exempt from corporate tax as provided for in Section 14 and the Third Schedule of the Income Tax Act (Chapter 23:06).

SIGNIFICANT JUDGEMENTS IN APPLYING THE UNIVERSITY'S ACCOUNTING POLICIES

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

(a) Impairment of trade receivables

The University assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the University makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

(b) Impairment testing of property and equipment

The University reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

(c) Residual values and useful lives

The University is required to assess residual values and the remaining useful lives of its property and equipment on an annual basis. This affects the amount of depreciation that is recognized in the statement of

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profit or loss and other comprehensive income. Management assessed residual values at nil for all assets as it intends to use the assets until the end of their economic useful lives.

(d) Valuation of property and equipment

The University obtains valuations performed by external valuers in order to determine the fair value of its property and equipment. These valuations are made with reference to market evidence of transaction prices for similar properties. The assets have a restricted use and do not have a ready market. In that regard, the derived revalued carrying amount cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. The lack of comparable market transactions has resulted in a greater level of professional judgement being relied upon in arriving at valuations. Changes in the underlying assumptions could have a significant impact on the fair values presented.

(e) Going concern assessment

The University assesses its going concern at each reporting date. Going concern assessment is an area involving management judgment requiring assessment as to whether the carrying amount of the assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

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1 INCORPORATION AND ACTIVITIES

The University's principal activities include the advancement of knowledge, the diffusion and extension of arts, science and learning, the preservation, dissemination and enhancement of knowledge that is relevant for the development of the people of Zimbabwe through teaching and research and, so far as is consistent with those objectives, the nurturing of the intellectual, aesthetic, social and moral growth of the students at the University.

2 INFLATION ADJUSTMENT FACTORS

The purpose of fair presentation in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" the financial statements have been restated for changes in the general purchasing power of the ZWL and appropriate adjustments have been made. The restatement has been calculated by means of conversion factors derived from the month-on-month Consumer Price Index (CPI) for January 2023 and estimated CPIs from February 2023 to December 2023 derived from movement of the Total Consumption Poverty Line (TCPL) published by the Zimbabwe Statistical Agency. All items in the statement of comprehensive income are restated by applying the relevant monthly conversion factors. The conversion factors used are as follows;

Date	Estimated CPI	Conversion Factor
31 December 2021	3 977.5	16.51
31 December 2022	13 672.91	4.81
31 December 2023	65 703.45	1.00
2023 Average	35 114.23	1.87

CPI Estimation

Total Consumption Poverty Line (TCPL) data from ZIMSTAT has been used to estimate inflation for the period from February 2023 to December 2023 due to the following reasons: - The Institute of Chartered Accountants of Zimbabwe (ICAZ) conducted research that determined that there is a 99% correlation between TCPL and the Consumer Price Index (CPI). - Use of the TCPL inflation data allows for comparability of the Universities' financial results with other players in the market who have adopted the same inflation benchmark as which is available to all Universities in Zimbabwe that apply the IAS 29.

The University has concluded that indices used for hyperinflationary accounting are reasonable. The determination of the indices is a significant area of judgement. The timing of the resolution of the uncertainty regarding the CPI is unknown.

Management has determined that the change in the inflation measurement technique, that is, use of estimated CPIs in February to December 2023 constitutes a change in accounting estimate, rather than a prior period error. The effect of the change in estimate on future periods is not disclosed because it is impractical to determine an estimate for future inflation under volatile and hyperinflationary conditions. This increases the estimation uncertainty in objectively evaluating information about those misstatements. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year will be materially different from the current forecasts and current assumptions could require a material adjustment to the carrying amount of the assets or liabilities affected.

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3 PROPERTY AND EQUIPMENT

3.1 Inflation adjusted

	Land ZWL	Buildings ZWL	Furniture and fixtures ZWL	Motor vehicles ZWL	IT equipment ZWL	Farm equipment ZWL	Work in progress ZWL	Heavy duty equipment ZWL	Office equipment ZWL	Solar equipment ZWL	Building Components ZWL	Irrigation Equipment ZWL	Total ZWL
3.1.1 Cost/valuation													
At 31 December 2021	13 800 420 982	31 342 385 233	405 830 233	1 421 627 630	270 859 373	306 215 961	552 661 043	21 319 444	981 022	50 851 603	-	-	48 173 152 549
Additions	-	-	105 691 582	561 259 735	254 346 135	-	3 710 636	-	1 914 499	4 035 527	-	-	4 637 884 113
Revaluation	-	(783 559 629)	(104 121 582)	1 354 779 819	(98 455 546)	(46 704 355)	(1 202 372 083)	(2 729 860)	(856 275)	(13 256 548)	-	-	(895 276 062)
Reclassification	-	-	-	-	-	-	(273 742 022)	-	-	-	-	-	(273 742 022)
At 31 December 2022	13 800 420 982	30 558 825 604	407 400 257	3 337 667 181	428 749 963	259 511 606	2 787 183 572	18 589 584	2 039 247	41 630 582	110 466 798	424 022 860	51 642 018 578
Additions	98 859 520	-	1 305 859 441	864 073 677	905 935 306	96 295 386	7 385 075 679	-	7 857 022	226 545 211	-	-	11 424 991 000
Disposals	-	-	-	(5 653 669 981)	-	-	-	-	-	-	-	-	(5 653 669 981)
Donations	-	-	-	(248 645 246)	-	-	-	-	-	-	-	-	248 645 246
Revaluation	2 009 441 249	(5 164 822 336)	(235 611 049)	14 626 380 523	(177 217 322)	3 835 655	(942 219 529)	(2 729 847)	(1 167 646)	(36 045 589)	(75 947 360)	(43 018 712)	9 960 878 039
Reclassification	330 535 912	5 653 229 629	-	-	-	-	(5 675 775 526)	-	-	-	-	-	307 990 014
At 31 December 2023	16 239 257 663	31 047 232 897	1 477 648 649	3 174 451 401	1 406 113 193	359 642 648	3 554 264 196	15 859 737	8 728 623	232 130 204	34 519 438	381 004 248	67 930 852 896

3.1.2 Depreciation

At 31 December 2021

Charge for the year

Revaluation

At 31 December 2022

Revaluation

Charge for the year

Closing balance

3.1.3 Net book amount

As at 31 December 2023

As at 31 December 2022

At 31 December 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	(783 559 634)	(105 273 221)	(488 479 721)	(109 140 174)	(46 704 345)	-	(2 729 845)	(1 000 612)	(13 342 577)	-	-	(1 550 230 130)
Revaluation	-	783 559 634	105 273 221	488 479 721	109 140 174	46 704 345	-	2 729 845	1 000 612	13 342 577	-	-	1 550 230 130
At 31 December 2022	-	(783 559 634)	(403 365 719)	(1 781 758 174)	(213 439 265)	(56 128 566)	-	(2 729 853)	(1 803 263)	(84 168 034)	-	-	(3 307 363 514)
Revaluation	-	763 970 640	403 365 719	1 781 758 174	213 439 265	56 128 566	-	2 729 853	1 803 263	84 168 034	-	-	3 307 363 514
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1.3 Net book amount													
As at 31 December 2023	16 239 257 663	31 047 232 897	1 477 648 649	3 174 451 401	1 406 113 193	359 642 648	3 554 264 196	15 859 737	8 728 623	232 130 204	34 519 438	381 004 248	67 930 852 896
As at 31 December 2022	13 800 420 982	30 558 825 604	407 400 257	3 337 667 181	428 749 963	259 511 606	2 787 183 572	18 589 584	2 039 247	41 630 582	-	-	51 642 018 578

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3.2	Historical	Land ZWL	Buildings ZWL	Furniture and fixtures ZWL	Motor vehicles ZWL	IT equipment ZWL	Farm equipment ZWL	Work in progress ZWL	Heavy duty ZWL	Office equipment ZWL	Solar equipment ZWL	Building components ZWL	Irrigation equipment ZWL	Total ZWL
3.2.1	Cost/valuation At 31 December 2021	834 911 610	1 896 182 830	24 552 323	86 007 044	16 386 720	18 525 758	33 435 438	1 289 805	59 351	3 076 471	-	-	2 914 427 350
	Additions	-	-	10 562 139	96 496 263	43 940 803	-	563 184 695	-	182 598	275 373	-	-	714 641 870
	Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
	Revaluation	2 037 184 328	4 463 614 382	49 672 271	512 120 436	28 902 438	35 482 900	-	2 578 996	182 453	5 312 169	-	-	7 135 050 394
	Reclassification	-	-	-	-	-	(16 561 117)	-	-	-	-	-	-	(16 561 117)
	At 31 December 2022	2 872 095 938	6 359 797 212	84 786 734	694 623 763	89 229 961	54 008 658	580 059 013	3 868 801	424 402	8 664 013	-	-	10 747 558 497
	Additions	98 850 561	-	920 579 228	594 638 228	423 638 440	46 841 151	4 155 427 974	-	6 445 465	147 298 576	22 989 968	291 038 862	6 707 362 057
	Disposals/write offs	-	-	-	(37 500 000)	-	-	-	-	-	-	-	-	(37 500 000)
	Donation	-	-	-	-	248 645 295	-	-	-	-	-	-	-	248 645 295
	Reclassification	68 789 992	1 176 530 620	472 282 689	11 922 689 197	644 995 105	(11 181 222 794)	-	-	-	-	-	-	64 097 818
	Revaluation	13 199 512 172	23 510 905 065	-	-	-	258 792 839	-	1 858 756	11 990 936	76 167 615	11 529 470	89 965 386	50 200 689 229
	At 31 December 2023	16 239 257 663	31 047 232 897	1 477 648 649	13 174 451 401	1 406 113 193	359 642 648	3 554 264 196	15 859 737	8 728 623	232 130 204	34 519 438	381 004 248	67 930 852 896
3.2.2	Depreciation At 31 December 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	Charge for the year	-	(163 071 724)	(21 909 099)	(101 660 712)	22 713 876	(9 719 947)	-	(568 126)	(208 244)	(2 776 811)	-	-	(322 628 539)
	Elimination on revaluation	-	163 071 724	21 909 099	101 660 712	22 713 876	9 719 947	-	568 126	208 244	2 776 811	-	-	322 628 539
	At 31 December 2022	-	-	-	-	-	-	-	-	-	-	-	-	-
	Charge for the year	-	158 994 930	83 947 079	370 813 356	44 420 242	11 681 283	-	568 128	375 290	17 516 760	574 749	8 920 063	697 811 880
	Disposals/write off	-	-	-	-	-	-	-	-	-	-	-	-	-
	Elimination on revaluation	-	(158 994 930)	(83 947 079)	(370 813 356)	(44 420 242)	(11 681 283)	-	(568 128)	(375 290)	(17 516 760)	(574 749)	(8 920 063)	(697 811 880)
	As at 31 December 2023	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2.3	Net book amount As at 31 December 2023	16 239 257 663	31 047 232 897	1 477 648 649	13 174 451 401	1 406 113 193	359 642 648	3 554 264 196	15 859 737	8 728 623	232 130 204	34 519 204	381 004 248	67 930 852 896
	As at 31 December 2022	2 872 095 938	6 359 797 212	84 786 734	694 623 763	89 229 961	54 008 658	580 059 015	3 868 801	424 402	-	8 664 013	-	10 747 558 497
	As at 31 December 2021	834 911 640	1 896 182 830	24 552 323	86 007 044	16 386 720	18 525 758	33 435 438	1 289 805	59 351	-	3 076 471	-	2 914 427 350

3.3 Property and Equipment was revalued by way of a Council's valuation at 31 December 2023.

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4 INTANGIBLE ASSETS

	Website ZWL	ITSM ZWL	ARIS ZWL	MYVISTA ZWL	Integration on line ZWL	MOOCS ZWL	ID card system ZWL	Total ZWL
4.1 Inflation adjusted								
Net carrying amount at 31 December 2021	7 255 012	-	10 882 527	5 441 264	2 176 497	-	2 902 013	28 657 313
Additions	-	1 400 792	-	-	-	829 411	-	2 230 203
Amortisation charge for the year	(3 627 511)	(87 552)	(10 882 527)	(5 441 264)	230 174 396	(51 870)	31 431 047	(23 718 225)
Fair value adjustment	62 136 612	-	328 938 565	295 938 509	(2 176 497)	-	(1 451 004)	948 501 128
Net carrying amount at 31 December 2022	65 764 113	1 313 240	328 820 565	295 938 509	230 174 396	777 541	32 882 057	955 670 938
Disposal	-	-	-	-	-	-	-	-
Additions	(1 054 510)	(81 402)	(3 163 526)	(1 581 763)	(632 703)	(48 196)	(421 802)	6 983 901
Amortisation charge for the year	(20 866 860)	(356 345)	(29 718 331)	(72 402 864)	(22 384 736)	(210 639)	(7 798 712)	(153 738 668)
Fair value adjustment	-	875 494	295 938 509	221 195 381	207 156 957	518 706	24 661 542	794 947 831
Net carrying amount at 31 December 2023	43 842 742	875 494	295 938 509	221 195 381	207 156 957	518 706	24 661 542	794 947 831
4.1.2 Historical								
Net carrying amount at 31 December 2021	438 921	-	658 382	329 191	131 676	-	175 569	1 733 739
Additions	-	271 059	-	-	-	160 595	-	431 654
Fair value adjustment	13 467 140	19 189	68 433 000	61 589 700	47 903 100	11 369	6 755 515	198 179 014
Amortisation charge for the year	(219 461)	(16 941)	(658 382)	(329 191)	(131 676)	(10 037)	(87 784)	(1 453 473)
Net carrying amount at 31 December 2022	13 686 600	273 307	68 433 000	61 589 700	47 903 100	161 927	6 843 300	198 890 934
Additions	-	693 289	234 348 809	175 761 606	164 044 166	410 755	19 529 067	629 506 034
Fair value adjustment	34 718 342	(91 102)	(6 843 300)	(15 397 425)	(4 790 310)	(53 796)	(1 710 825)	(33 449 138)
Amortisation charge for the year	(4 562 200)	-	-	-	-	-	-	-
Net carrying amount at 31 December 2023	43 842 742	875 494	295 938 509	221 195 381	207 156 956	518 706	24 661 542	794 947 831

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31 December 2023

	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
5 BIOLOGICAL ASSETS				
5.1 Analysis				
Goats (note 5.2)	54 576 220	22 836 589	54 576 220	4 752 672
Fish (note 5.3)	10 378 024	29 560 970	10 378 024	6 152 127
Horticulture (note 5.4)	-	17 985 802	-	3 743 143
	<u>64 954 244</u>	<u>70 383 361</u>	<u>64 954 244</u>	<u>14 647 942</u>
Non-current	(64 954 244)	(52 397 559)	(64 954 244)	(10 904 799)
Current	-	17 985 802	-	3 743 143
	<u>-</u>	<u>17 985 802</u>	<u>-</u>	<u>3 743 143</u>
5.2 Goats				
Opening balances	4 752 672	10 633 662	4 752 672	643 326
Fair value adjustment	49 823 548	12 202 927	49 823 548	4 109 346
Closing balances	<u>54 576 220</u>	<u>22 836 589</u>	<u>54 576 220</u>	<u>4 752 672</u>
5.3 Fish				
Opening balances	6 152 127	14 039 340	6 152 127	849 800
Fair value adjustment	4 225 897	15 521 630	4 225 897	5 302 327
Closing balances	<u>10 378 024</u>	<u>29 560 970</u>	<u>10 378 024</u>	<u>6 152 127</u>
5.4 HORTICULTURE				
Opening balances	-	8 068 839	-	1 679 259
Purchases	-	17 985 802	-	3 743 143
Disposals	-	(8 068 839)	-	(1 679 259)
Fair value adjustment	-	-	-	-
Closing balances	<u>-</u>	<u>17 985 802</u>	<u>-</u>	<u>3 743 143</u>
5.5	The fair values for livestock and fish were determined by reference to the market price and these valuations were carried out by management. Fair values for crops was determined by management with reference to the maturity profile of the produce at time of reporting and the average selling price obtained from an active market of the produce less costs to sell. Management estimated the cost for planted maize was presumed to be fair value as little biological transformation has taken place at the time of reporting.			
6 INVENTORIES				
Consumables	144 435 518	151 274 124	71 109 260	18 662 690
Fuel	25 271 072	182 221 130	31 934 750	37 277 017
	<u>169 706 590</u>	<u>333 495 254</u>	<u>103 044 010</u>	<u>55 939 707</u>

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	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
7 TRADE AND OTHER RECEIVABLES				
Student fees receivable	29 673 154 262	16 823 537 483	29 673 154 262	3 501 256 500
Advance to employees	821 066	5 122	821 066	1 066
Prepayments	1 058 117 995	1 193 324 306	837 851 778	142 911 039
Deposits	3 163	15 198	3 163	3 163
Other receivables	785 652	15 188 581	785 652	3 160 994
	<u>30 732 882 138</u>	<u>18 032 070 690</u>	<u>30 512 615 921</u>	<u>3 647 332 762</u>
Allowance for credit losses – student fees receivables	(2 012 300 589)	(1 119 369 412)	(2 012 300 589)	(232 959 295)
	<u>28 720 581 549</u>	<u>16 912 701 278</u>	<u>28 500 315 332</u>	<u>3 414 373 467</u>

All amounts for receivables are short-term. The net carrying value of receivables is a reasonable approximation of fair value. All of University's receivables in the comparative periods have been reviewed for indicators for impairment. The impairment receivables are mostly due from students experiencing financial difficulties.

8 OTHER FINANCIAL LIABILITIES

8.1 ZOU students caution fees

	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Non-current liabilities	47 011 707	225 480 872	47 011 707	46 926 300
Current liabilities	137 880 205	4 147 085	137 880 205	863 077
	<u>184 891 912</u>	<u>229 627 957</u>	<u>184 891 912</u>	<u>47 789 377</u>

8.2 The caution fee was established in 2009. Every student is required to pay a once off caution fee of ZWL13 104 on enrolment and this amount is reimbursed after the student has graduated. Caution fees for students who have graduated as at 31 December 2023 and those expected to be graduating in 2023 have been classified as current liabilities. Caution fees for students expected to be graduating after 2023 have been classified as non-current liabilities.

	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
9 DEFERRED INCOME				
9.1 Analysis				
Opening balance	121 786 500	8 822 581	121 786 500	1 836 125
Addition	248 645 246	576 600 000	248 645 246	120 000 000
Amortization during the year	(49 625)	(238 448)	(49 625)	(49 625)
Closing balance	<u>370 382 121</u>	<u>585 184 133</u>	<u>370 382 121</u>	<u>121 786 500</u>
Non-current portion	(370 332 496)	(584 945 684)	(370 332 496)	(121 736 875)
Current portion	<u>49 625</u>	<u>238 448</u>	<u>49 625</u>	<u>49 625</u>

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9.2 The deferred income arose from the grant received from the Government towards the purchase of a building in July 2018. The grant is being recognised as income over 40 years.

	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
10 OBLIGATIONS UNDER FINANCE LEASE				
10.1 Analysis				
Short term	-	7 837	-	1 631
Long term	8 815 767	42 359 808	8 815 767	8 815 777
	<u>8 815 767</u>	<u>42 367 645</u>	<u>8 815 767</u>	<u>8 817 408</u>

10.2 The University acquired its head office under a finance lease arrangement. The lease term is 20 years. Interest rate was fixed at the contract date with the lessor having to review the interest on a bi-annual basis and at its sole discretion, provided that the reviewed interest rate should be equal to 6.5% plus Consumer Price Index (CPI) or CABS Mortgage rate applicable to the clients in the category of the purchaser at the time of review, whichever is higher. The contract was revised in 2019, by an addendum, which fixed the interest rate to the CABS mortgage rate.

The University's obligations under finance leases are secured by the lessor's rights over the leased assets.

11 LOANS PAYABLE

11.1 Analysis

CBZ Bank (note 11.2)	-	19 820 625	-	4 125 000
FBC Bank (note 11.3)	203 779 461	147 390 708	203 779 461	30 674 445
	<u>203 779 461</u>	<u>167 211 333</u>	<u>203 779 461</u>	<u>34 799 445</u>
Long term portion	(92 627 210)	(94 189 979)	(92 627 210)	(19 602 493)
	<u>111 152 251</u>	<u>73 021 354</u>	<u>111 152 251</u>	<u>15 196 952</u>

11.2 CBZ Bank

This facility was used to purchase contractual vehicles for designated posts. The facility was for 13.5 million with a 3-year tenure, accruing interest at 65% per annum, secured by a lien of ZWL15 000 000. The facility ends on 30 October 2023.

11.3 FBC Bank

The facility was used to purchase contractual vehicle for designated post. The facility is repaid by monthly instalments, accrues interest at 12% and expires on 28 August 2025.

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	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
12	TRADE AND OTHER PAYABLES			
Payables	1 130 625	1 719 443 279	1 130 625 090	357 844 595
Employee accruals	-	31 875 111	-	6 633 738
Other accruals	3 301 385	4 876 393	3 301 385	1 014 858
Salaries and wages	507 300 106	15 050 130	507 300 106	3 132 181
Pay As You Earn (PAYE)	284 293 469	193 839 552	284 293 469	40 341 218
Loan recoveries	4 465 190	-	4 465 190	-
Zimbabwe Open University Pension Fund	6 531 209	-	6 531 209	-
Students' prepayments	1 205 130 855	551 232 142	1 205 130 855	114 720 529
	<u>3 141 647 303</u>	<u>2 516 316 607</u>	<u>3 141 647 303</u>	<u>523 687 119</u>
13	PROVISIONS			
Provisions for gratuity	253 428 764	68 653 379	253 428 764	14 287 904
Provisions for audit fees	134 171 428	18 700 637	134 171 428	3 891 912
Accumulated leave pay	1 825 958 815	1 185 832 893	1 825 958 815	246 791 445
Provision for legal and other claims	1 083 052 228	1 341 675 039	1 083 052 228	279 224 774
	<u>3 296 611 235</u>	<u>2 614 861 948</u>	<u>3 296 611 235</u>	<u>544 196 035</u>
14	REVENUE			
14.1	Analysis			
Government grant	41 750 749 997	15 911 877 880	26 134 590 185	2 390 388 462
Tuition fees	56 117 694 276	32 403 515 907	31 291 058 953	5 451 717 450
Application fees	303 078 090	193 160 366	153 936 857	26 904 362
Graduation fees	11 421 107	1 140 308	9 973 110	155 505
Other income (note 14.2)	2 299 894 795	558 018 114	1 027 625 881	76 469 050
Affiliate/associate fees	28 980 908	14 818 226	7 365 670	2 884 219
Student administration charges	513 433 925	115 624 648	132 878 659	10 954 077
Farm income	1 016 655 063	37 872 755	343 914 399	6 483 177
	<u>102 041 908 162</u>	<u>49 239 028 204</u>	<u>59 101 343 714</u>	<u>7 965 956 303</u>

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	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
15 OPERATING EXPENSES				
15.1 Analysis				
Advertising	553 878 137	132 600 861	303 850 830	19 846 273
Auditors' remuneration	241 108 261	46 013 896	150 603 978	3 891 912
Allowances for credit losses	1 779 341 294	1 068 265 489	1 779 341 294	222 323 723
Provision for legal fees	2 231 635 638	1 398 626 090	1 484 033 832	291 077 230
Amortisation of intangible asset	-	23 718 234	33 449 138	1 453 473
Bank charges	2 386 176 869	564 933 268	1 470 255 696	84 214 091
Venue hire	-	862 397	-	55 000
Legal and professional fees	2 563 152 778	493 783 322	1 021 336 126	89 860 345
Consumables	2 530 620 117	1 409 28 850	1 688 450 673	242 453 184
Depreciation of property and equipment	731 261 018	1 550 230 130	697 811 880	93 787 366
Donations	32 632 165	1 060 526	12 129 852	119 832
Employee costs (note 15.2)	54 538 974 921	19 904 573 756	34 615 737 807	2 989 247 105
Examination expenses	962 346 459	393 687 224	580 193 271	71 143 200
Tutorial expenses	184 285 415	19 251 093	117 493 174	3 882 810
Graduation ceremony	4 735 032 101	496 173 103	3 719 533 194	100 921 222
General expenses	3 715 010	4 490 767	1 057 333	517 936
SRC expenditure	516 440 682	328 385 621	283 853 377	49 465 090
Workshops	357 464 937	102 517 356	149 589 008	16 639 711
Insurance	3 477 375	3 252 240	2 604 775	660 831
IT expenses	2 215 624 235	547 142 578	1 319 009 950	76 814 997
Lease rentals on operating lease	707 699 162	172 941 233	499 259 209	23 783 306
Motor vehicle expenses	1 813 171 550	995 874 728	1 064 133 028	153 657 561
Utilities	2 294 280 888	1 060 021 171	1 277 585 64	151 702 471
Other expenses	356 297 098	3 152 354	243 815 654	517 700
Resources mobilization activities	-	39 919 748	-	7 532 200
Council meetings	28 187 461	427 977	18 303 546	89 069
Repairs and maintenance	54 659 363	434 569 010	252 106 734	56 749 902
Institutional membership	714 121 680	704 341 338	463 971 043	133 782 314
Staff welfare	702 249 595	404 200 545	367 449 762	65 801 980
Telephone and fax	199 080 055	100 302 703	101 647 771	15 737 888
Travel – local	1 903 251 960	421 114 770	955 228 837	72 224 790
Travel – foreign	1 044 754 471	188 794 845	631 663 410	27 992 234
Farm expenses	472 374 992	106 893 265	345 970 554	16 893 979
Bad debts	191 380 609	-	130 279 516	-
	<u>86 548 676 298</u>	<u>33 121 360 487</u>	<u>55 774 749 922</u>	<u>5 084 840 725</u>
15.2 Employee costs				
Basic salary	19 997 684 849	8 704 854 685	12 692 475 729	1 307 285 551
Other benefits and allowances	24 086 329 627	8 179 485 883	15 287 527 357	1 228 386 239
Council fees	898 622 818	117 842 736	570 353 438	17 697 493
Pension	1 054 211 533	502 150 258	669 105 169	75 412 377
Medical aid	3 345 581 804	1 566 484 133	2 123 431 596	235 252 873
NSSA and SDL	864 897 584	402 259 748	548 948 124	60 410 929
Part time employees	4 291 646 707	431 496 313	2 723 896 395	64 801 643
	<u>54 538 974 921</u>	<u>19 904 573 756</u>	<u>34 615 737 807</u>	<u>2 989 247 105</u>

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	Inflation adjusted		Historical	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
16 NET FINANCING COSTS				
Interest received	602 447 246	158 243 699	444 551 781	26 708 480
Interest paid	(3 930 270)	(84 551 913)	(926 077)	(10 943 278)
	<u>598 516 976</u>	<u>73 691 786</u>	<u>443 625 704</u>	<u>15 765 202</u>

17 EMPLOYEE COSTS

17.1 National Social security Scheme

The University makes contributions to the National Security Scheme, a defined contribution pension scheme promulgated under the National Social Security Act of 1989. The University's obligation under the Scheme is limited to specific contributions as legislated from time to time and are currently 4.5% of pensionable earnings up to a maximum pensionable amount of ZWL451 499.00 per employee.

Key management of senior staff management refers to the executive management of the University. These are provided for in the Zimbabwe Open University Act (Chapter 25:20), and comprise of Vice Chancellor, two (2) Pro-Vice Chancellors, Registrar, Finance Director, Information and Communication terms of Section 10 of the Zimbabwe Open University Act (Chapter 25:20). During the year substantive Vice Chancellor, Pro-Vice Chancellor Academic Affairs, and Registrar were appointed. The contract of Director Library Services ended during the year and was not renewed.

17.2 Claims against Zimbabwe Open University by former employees

Some litigations are in the process against the University due to unfair dismissal claims raised by former employees. The University's lawyers are of the opinion that the ruling from most of the cases will be in favour of the University. The monetary impact on the financial statements could not be estimated.

18 TREASURY AND FINANCIAL RISK MANAGEMENT

18.1 Risk management framework

The University's Council has overall responsibility for the establishment and oversight of the University's risk management framework. The Council has established the audit and risk management committee, which is responsible for developing and monitoring the University's risk management policies. The committee reports regularly to the Council on its activities. The University's risk management policies are established to identify and analyse the risks faced by the University, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the University's activities. The University, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The University audit and risk and management committee also oversees how management monitors compliance with the University's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks face by the University. The University audit and risk management committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the audit committee.

There are no externally imposed capital requirements

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from previous year.

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18.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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

The University's exposure to liquidity and cash flow risk is minimal as it has excess funds which are currently held with its bankers and can be liquidated on demand.

The University's operations are mainly cash driven. The liquidity is managed to ensure as far as possible that the University will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

The cash resources available to the University are considered adequate to meet its short-term liquidity and cash flow requirements

18.3 Credit risk

Credit risk of financial loss to the University if a student or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the University's receivables from students.

The University is exposed to credit risk arising from student receivables relating to outstanding fees. The University requires students to pay a minimum deposit on registration in respect of fees in order to mitigate the risk. The University's exposure to credit risk is influenced mainly by the individual characteristics of each student. However, management also considers the factors that may influence the credit risk of its student base, including the default of the tertiary sector and the economic outlook of the country.

Credit risk also arises from the University's other financial assets, which comprise cash and cash equivalents and financial assets at fair value through profit or loss. The University places cash and cash deposits only with major financial institutions with good credit ratings.

The carrying amount of financial assets represents the maximum credit exposure

Student fee receivable comprise a widespread student base. Management evaluates credit risk relating to students on an ongoing basis. Adequate allowance is made against any receivables considered highly likely to default.

18.3.1 Financial assets exposed to credit risk at year end at their net amounts

Student fees receivables

The University applies the IFRS 9 simplified model of recognising lifetime expected credit losses for student fees receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the student fee receivables have been assessed on a collective basis as they possess the same credit risk characteristics. They have been grouped based on the days past due and according to the maturity profile of the students.

The University uses the provision matrix where expected loss rates are based on the payment profile for fees over the past 48 months before 1 January 2020 and 31 December 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The University identified the general economic and inflation trends as being the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. Given the fact that a student is expected to make full payment before graduation, the University continues to carry an expectation to receive fees payment even after the receivable is past 180 days from the invoice date.

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On the above basis the expected credit loss for receivables as at 31 December 2022 and 31 December 2023 was determined as follows.

31- Dec -23							
	Current	More than 180 days	More than 360 days	More than 540 days	More than 720 days	More than 980 days	Total
Expected credit loss rate	0.06	0.07	0.08	0.09	0.5	1	
Gross carrying amount	3 690 086 377	13 441 224 032	2 343 006 860	154 607 362	-	48 654 513	29 673 154 262
Lifetime expected credit loss	821 405 183	940 885 682	187 440 549	13 914 663	-	48 654 513	2 012 300 589

31- Dec -22							
	Current	More than 180 days	More than 360 days	More than 540 days	More than 720 days	More than 980 days	Total
Expected credit loss rate	0.06	0.07	0.08	0.09	0.5	1	
Gross carrying amount	3 225 836 841	224 030 869	22 522 708	965 682	12 124 409	15 775 991	3 501 256 500
Lifetime expected credit loss	193 550 210	15 682 161	1 801 817	86 911	6 062 204	15 775 991	232 959 295

18.4 Interest rate risk

The University did not have significant interest-bearing assets hence the University's income and operating cash flows were not substantially independent of changes in market interest rates.

However, the University's interest rate risk arises from the long-term borrowings and on its finance lease arrangement. Borrowings issued at variable rates expose the University to cash flow interest rate risk. Borrowings issued at fixed rates expose the University to fair value interest rate risk.

18.5 Market price

The University did not have investments in listed equity and therefore did not have exposure to market price risk.

18.6 Foreign exchange risk

This is the risk that the University is exposed to unfavourable exchange rate movements on mismatched spot or forward positions in a foreign currency deal.

The University incurs foreign currency risk when it undertakes transactions in foreign currencies. The University cannot hedge transactions denominated in foreign currency. Forward exchange contracts are not available in Zimbabwe to enable the hedging of foreign currency risk.

Currency risk is, however, managed by ensuring, as far as possible, that available currency denominated liquid assets are reserved for the payment of foreign currency denominated liabilities.

The University reviews its foreign currency exposure, including commitments on an ongoing basis. The University expects its foreign exchange contracts to hedge foreign exchange exposure.

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18.7 Fair value measurements

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and

Level 3 inputs are unobservable inputs for the asset or liability.

In determining the fair values of the biological assets, the University used the Level 3 fair value hierarchy.

19 GOING CONCERN

The University's operations have been significantly affected and may continue to be affected by the challenging environment particularly the lack of liquidity in the Zimbabwean economy. However, the Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. They believe that the preparation of these financial statements on a going concern basis is still appropriate. An important event after the reporting period was the increase in tuition fees by an average of 775%. The increase in tuition fees had a big positive impact on the financial position and liquidity of the University.

Further, the largest amount on current liabilities relates to provision for leave pay which does not materialize as a cash outflow as long the employee remains in employment with the University. As a state institution, the University continues to enjoy the financial support of the government which provides grants to cover employment costs, some operations as well as some capital expenditure.