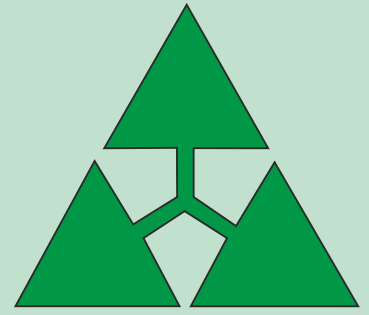
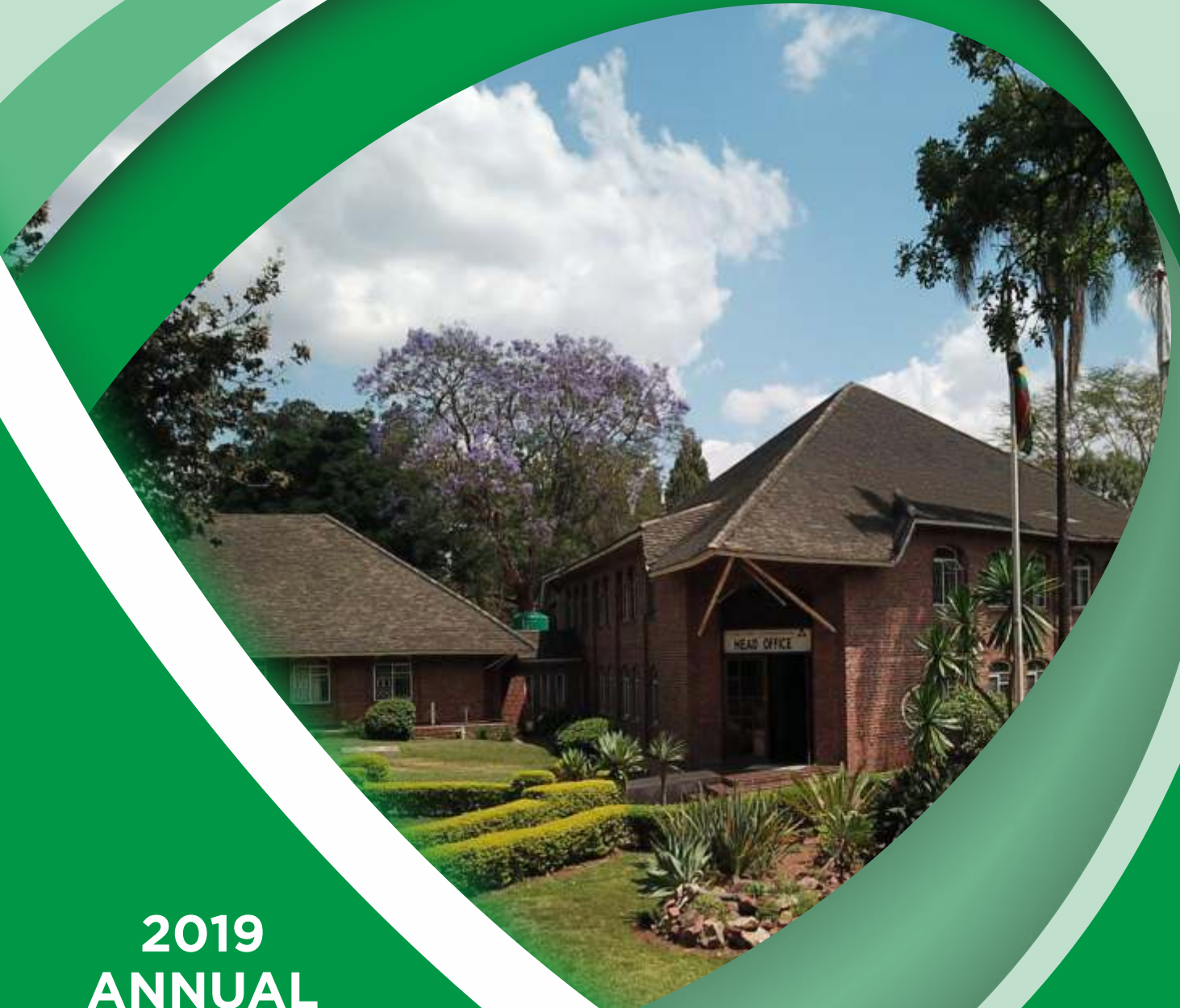


FORESTRY COMMISSION



**2019
ANNUAL
REPORT**



Contents

List of Figures-----	iii
List of Plates-----	iv
Letter of Presentation-----	v
Reporting Structure-----	vi
Corporate Information-----	vii
Vision, Mission and Core Values-----	viii
Operational Structure-----	x
Our Promise to Clients-----	xi
Chairman's Statement-----	xii
General Manager's Statement-----	xiv
Forestry Commission Overview-----	1
Conservation and Extension (CONEX) Division-----	2
Research and Training Division-----	11
Ngamo Safaris Unit-----	16
Conclusion-----	17
Forestry Commission's Audited Financial Statements-----	18

List of Figures

Figure 2.1: Number of tree seedling production and trees planted per province	5
--	---



List of Plates

Plate 1.1: Tree Planting event and mapping of Forest restoration sites.....	1
Plate 2.1: Assorted seedling production at Harare Forest Research Centre.....	3
Plate 2.2: Acacia seedlings at Guruve nursery, ready for planting.....	4
Plate 2.3: Tree planting at Danhiko – ZANU PF Walkathon Send-off by First Lady.....	6
Plate 2.4: All-inclusive tree planting at Mabvazuva Sec School-National Venue.....	6
Plate 2.5: International Day of Forests 2019 Theme	7
Plate 2.6: Mopane wood stacked at Kakonono area between Chiwenga and Kairezi	8
Plate 3.1: Seed processing at Harare Forest Research Centre.....	12



Letter of Presentation

1 Orange Grove Drive
P O Box HG 139
Highlands
Harare

31 December 2019

The Honourable Minister of Environment, Climate, Tourism and Hospitality Industry

Sir,

As required by subsection (1) of section 49 of the Public Finance Management Act, Chapter 22:19, I have the pleasure of presenting the Annual Report and Accounts of the Forestry Commission for the year ended 31 December 2019.

Yours faithfully,



M. Dzinoreva
Acting Chairman, Forestry Commission Board

Reporting Structure

Minister

Honourable N.M. Ndlovu

Forestry Commission Board

Acting Board Chairman

Mr M. Dzinoreva

Commissioners

Ms S. Cox

Mrs V. Gundu-Jakarasi

Ms N. Matshe

Ms C. Mudenda

Dr D. Runyowa (representative of parent Ministry)

Management

General Manager

Mr A. Marufu

Deputy General Manager, Conservation & Extension Division

Mr S. Zingwena

Acting Deputy General Manager, Research & Training Division

Mrs J. Gombe

Finance Manager

Mr A. W. Chirangande

Human Resources and Administration Manager

Mr S. Nkiwane

Corporate and Legal Services Manager

Mrs M.G. Hare

Manager, Ngamo Safaris

Ms S. Ngwenya

Acting Principal, Colleges

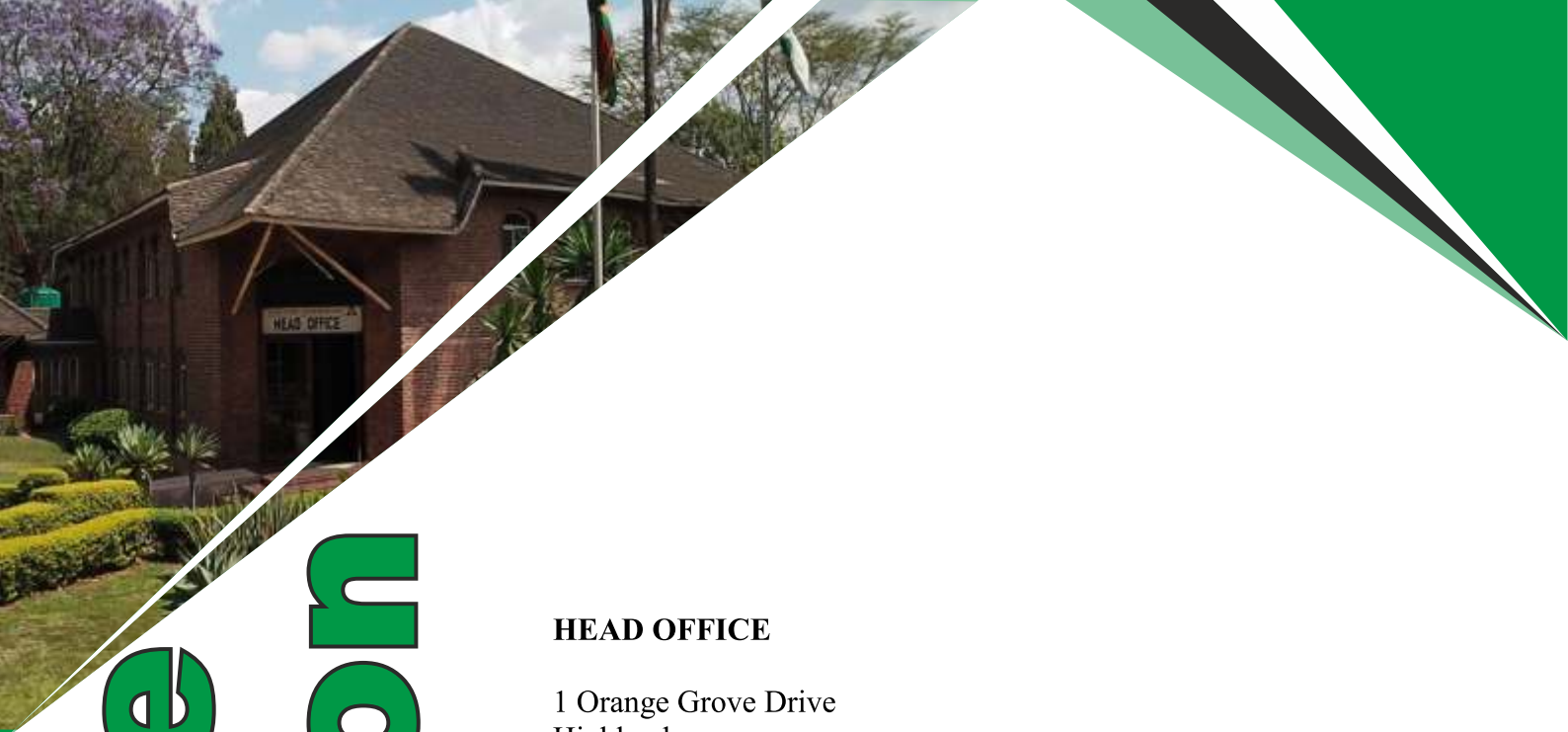
Mr M. Machamacha

Internal Audit Manager

Mr C. Banga

Corporate Planning Manager

Mr M. F. Piloto



Corporate Information

HEAD OFFICE

1 Orange Grove Drive
Highlands
P.O. Box HG 139
Highlands
Harare

AUDITORS

Office of the Auditor – General
5th Floor, Burroughs House
Corner 4th Street/George Silundika Avenue
Harare

BANKERS

CBZ Bank
Zimbabwe

Standard Chartered Bank Zimbabwe Limited
Africa Unity Square Branch
Corner Nelson Mandela Avenue/Sam Nujoma Street
P O Box 2472
Harare

ATTORNEYS

DUBE, MANIKAI & HWACHA Legal Practitioners
6th Floor Goldbridge, Eastgate Complex
P.O. Box CR 36 Cranborne Harare

JAMES, MOYO-MAJWABU & NYONI Legal Practitioners
2nd Floor Exchange Building, Leopold Takawira Avenue
P.O. Box 1872 Bulawayo



VISION

Sustainably managed and utilised forest resources in Zimbabwe by 2030.



MISSION

To regulate, conserve and enhance capacity in sustainable management and utilisation of forest resources.



VALUES

- **Integrity** – Forestry Commission staff shall ascribe to high standards of transparency and ensure accountability in conduct of their business.
- **Professionalism** – decision making and practise will be based on current scientific knowledge and best practices.
- **Result oriented** – Forestry Commission will pursue timely attainment of targeted results at all levels.
- **Innovation** – Forestry Commission will encourage and reward creativity in work performance.
- **Teamwork** – Forestry Commission will embrace mutual support and respect.

Corporate Governance Statement

Forestry Commission is a parastatal under the Ministry of Environment, Climate, Tourism and Hospitality Industry. It was established by an Act of Parliament on 1 April 1954. Its mandate is derived from the Forest Act (Chapter 19:05 as amended in 1999) and the Communal Land Forest Produce Act (Chapter 19:04), which provide for the regulation of the forestry sector, forestry extension services, management of the gazetted forests, forestry research and training, and income generation.

Good corporate governance is a fundamental part of the culture and practice of the Commission. The Forestry Commission Board is responsible for the corporate governance of the Commission in the sustainable management and conservation of forests resources.

The Forestry Commission Board comprises a maximum of ten members / Commissioners drawn from the public, private and academic sectors, with one of the Commissioners representing our parent Ministry, namely, Ministry of Environment, Climate, Tourism and Hospitality Industry.

For efficient implementation of its mandate, the Board was organised around four standing Board Committees, namely: -

- i). Conservation, Research and Forestry Management Committee.
- ii). Business Development, Information and Technology Committee.
- iii). Audit, Risk and Legal Committee.
- iv). Finance, Human Resource and Administration Committee.

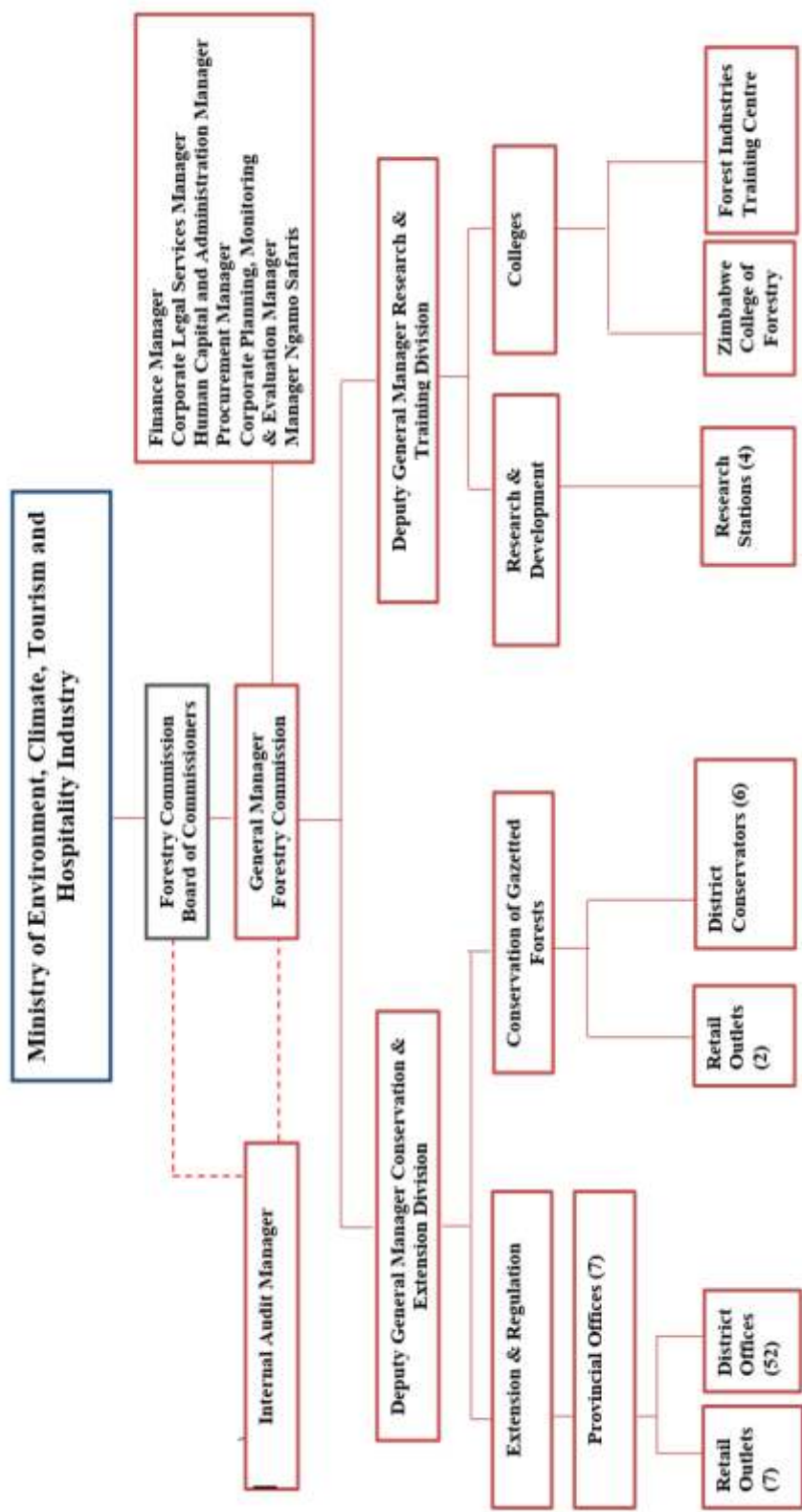
The day-to-day management of the Forestry Commission is entrusted with the General Manager who is appointed by the Board in consultation with the Minister. The Board through the General Manager guides the operations of the organization.

The General Manager is assisted by two Deputy General Managers and supported by a team of Senior Managers.

The Forestry Commission has two technical Divisions namely, Conservation & Extension (CONEX) Division and Research & Training (R&T) Division; as well as a safari business unit trading as Ngamo Safaris. The organization's structure is depicted below on page x.



Operational Structure



Our Promise to Clients

Our general standards of service to our clients shall be characterised with continuous improvement regarding: -

- Responsiveness to all queries
- Clear communication of information
- Provision of accurate information

Forestry Commission's relationship and responsibilities shall endeavour to: -

- Render consistent, accurate and impartial advice to clients
- Provide reasonable response time regarding our services

Forestry Commission shall train its staff to be friendly, helpful, respectful and sensitive to clients' individual needs, explaining and listening carefully to individual requirements and views.



Acting Chairman's Statement



The Forestry Commission remains committed to facilitating the development and sustainable management including conservation and rational utilization of all forest resources in Zimbabwe. This is crucial given that, beyond the importance of forests, woodlands and trees, in general, that contribute to biodiversity conservation, these are important for the survival of Zimbabwe as they directly or indirectly support our economy, tourism, agriculture, livelihoods and communities. They provide a range of goods and services including timber, food, medicines and other non-timber forest products, energy as well as ecological functions such as carbon storage, nutrient cycling, provision of water and air purification.

Sadly, Zimbabwe's forests and woodlands are under threat from deforestation resulting from short-sighted and poorly planned land conversion for agriculture, infrastructure, mining, and urban development and thus have reduced the capacity of forests and woodlands to provide the goods and the environmental services required by the country's growing population. We see their impacts at all scales – locally, regionally and globally. If we are to attain our vision of “Sustainably managed and utilised forest resources in Zimbabwe by 2030”, there is therefore need for continued protection to minimize the negative impacts on the resources and avoid further degradation and deforestation. Forestry Commission is pleased by Government's re-introduction of the Afforestation Levy on all tobacco farmers to finance reforestation initiatives in the country. Government's disbursement of ZWL\$13 million to Forestry Commission in 2019 saw the launch of the Tobacco Wood Energy Program (TWEP) to ensure the establishment of woodlots by tobacco farmers. This seeks to encourage the use of fast-growing tree species such as eucalyptus rather than indigenous/natural tree species for curing tobacco.

I am pleased to report that the funding of operations through the afforestation levy as well as the ZWL\$3 500 000 GoZ recurrent grant immensely assisted Forestry Commission fund some of its revenue generating activities such as Ngamo Safaris generated revenue amounting to ZWL\$9 587 264 mainly in foreign currency. It is hoped that in future, mechanisms will be put in place to allow the organization to benefit from, payment for environmental services by entities benefiting from tree planting and forest conservation works undertaken by Forestry Commission so as to enable the organisation to effectively discharge its mandate, namely, forestry research, training, extension and regulation as well as forest protection/conservation.

It is pleasing to note that the much-awaited report on the European Union funded Performance Review of the Forestry Commission launched by the State Enterprises Restructuring Agency in 2018, was availed in 2019. We look forward to institutional and legislative strengthening of Forestry Commission through this Technical Assistance support to Natural Resource Management (TANRM) Zimbabwe project.

Finally, I wish to promise all our clients that Forestry Commission will continue to work at the forefront of forestry and tree related issues in response to emerging environmental needs and sectorial challenges. I offer my sincere gratitude to Forestry Commission staff, for the achievements in 2019 which I attribute to your dedication, hard work, reputation and collaborative approaches with our valued stakeholders, partners and indeed, the people of Zimbabwe. Last, but not least, I want to thank the tireless efforts of fellow Commissioners who sit on the Forestry Commission Board in the steering efforts of the organisation to realise targets of our contribution to Zimbabwe's Transitional Stabilization Programme (October 2018 – December 2020), namely, “protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainable management of forests, fighting the veld fire scourge, combating desertification, halting and reversing land degradation and loss of biodiversity”.

Marius Dzinoreva
Acting Chairman, Forestry Commission Board

General Manager's Statement



The year 2019 has been particularly challenging for the forestry sector given the worst natural disaster that hit Southern Africa, namely Cyclone Idai which struck Zimbabwe, Mozambique and Malawi in March 2019. Torrential rains and destructive winds caused flash floods and landslides in the Eastern Highlands, particularly Chipinge and Chimanimani which left 340 people dead with many others missing and over 270,000 people affected losing homes, livestock, crops, orchards and infrastructure. Whole areas of trees that once afforded important protection in normal times against soil erosion, were swept away. In response, Forestry Commission was quick to step up its forest extension activities for communities to embark on tree planting in critical zones as well as providing information on climate issues and sustainable land use. It cannot be ruled out that to some extent, the loss of life and property in eastern Zimbabwe may have been exacerbated

by heavy deforestation in the area that had removed forest barriers that softened the impact of calamitous floods in the past.

Commercial forestry in the Eastern Highlands also took a toll from the effects of Cyclone Idai. Forestry Commission's Pine seed orchards were destroyed. Other than the natural disaster due to the Cyclone, Commercial Forestry in the Eastern Highlands was also hampered by illegal artisanal miners who were diverting some rivers and streams to areas with traces of alluvial gold deposits and creating hundreds of small makeshift hydraulic mining operations that washed out entire hillsides. At least 600ha of Tarka Forest's prime timber managed by Allied Timbers in Chimanimani District, were vandalized by artisanal miners. Further, the whole commercial forestry in the Eastern Highlands was crippled by an onslaught of illegal loggers and haulers as well as a growing influx of illegal settlers who are into illegal logging, burning timber forests to make way for settlement, crop farming and alluvial gold extraction. Forestry Commission is engaging a number of stakeholders on these matters with a view to bringing back sanity to the commercial forestry sector in the Eastern Highlands.

Forestry Commission received a total of thirteen million dollars (ZWL\$13 000 000) from Treasury, being financial support from the Tobacco levy that was re-introduced through the National Budget of 2015 to be "ring-fenced for re-forestation purposes". However, in spite of this commitment, Treasury did not avail the money to the Forestry Commission as expected for the past nearly five years until September 2019. The amount was disbursed in two tranches of \$6 million and \$7 million.

During the reporting period:-

1. A total of 12 601 690 tree seedlings were produced against an annual target of 15 000 000. For tree planting, 5 674 752 trees were planted out of an aggregate target of 15 000 000 which signalled an under achievement due to drought. However, tree planting was boosted by the accelerated Tobacco Wood Energy Program (TWEP) brought about with the release of the Afforestation Fund money resourced from a Tobacco levy.
2. Approximately 20 000 participants including youths, women community groups, farmers and school children were trained on forest-related projects and activities which included the establishment of woodlots, preparation of woodland

management plans, the establishment of apiary projects and rehabilitation of degraded forest land.

3. Forestry Commission intensified its regulatory activities due to an upsurge in illegal forestry-related activities that included; charcoal production, timber poaching, illegal movement and trading of timber and firewood. In Muzarabani alone, 1400 bags of charcoal were confiscated. Many offenders were issued with fine tickets for the various offenses committed.
4. Regarding projects,
 - Implementation of the Hwange-Sanyati Biological Corridor (HSBC) project covering an area of 5.7 million ha in the North Western Zimbabwe under the Kavango-Zambesi (KAZA) Transfrontier Conservation Area (TFCA) continued well. Forestry Commission's areas falling under the auspices of this project are Ngamo and Sikumi Forests in Matabeleland North. The project ended in June 2019.
 - The Global Environment Facility (GEF) cycle number 6 project remained in implementation and various activities were conducted such as seedling production, tree planting and woodland management in Hurungwe, Mbire and Muzarabani Districts.
 - The TWEP under sponsorship from the Tobacco Levy rekindled the momentum of Forestry Commission in its afforestation and reforestation drive. The official launching of the utilization of this fund enabled Forestry Commission to establish four demonstration Firewood plantations, one in each of the four major tobacco growing Provinces, namely, Mashonaland Central, Mashonaland West, Mashonaland East and Manicaland.
5. On the forest research front, the biological control of devastating eucalyptus pests in Zimbabwe, namely, *Leptocybe invasa*, *Thaumastocoris peregrinus* and *Glycaspis brimblecombei* continued in which a total of 17 *Selitrichodes neseri* adults and 3 197 *Psyllaephagus bliteus* were reared and released in *Eucalyptus* plots respectively.
6. A total of 974.24 kg seed of different tree species were collected against a target of 1 500 kg.
7. A national study on the drivers of deforestation and forest degradation was conducted under the, "Support Towards Implementation of Zimbabwe's Nationally Determined Contributions" project implemented by the Climate Change Management Department and UNDP with support from Russian Trust Fund.
8. The Forest Industries Training Centre (FITC) and Zimbabwe College of Forestry (ZCF) introduced a new program called Foundation in Forestry. There was however, no graduation during the reporting period due to semesterization.
9. The permanent staff headcount totalled to 610 employees with 134 females and 476 males. The key positions of Deputy Director for Conservation & Extension Services, Procurement Officer and Corporate Legal Officer were filled during the reporting period, both being new positions. Management worked hard on several strategies to improve the recruitment and retention of skilled staff during 2019.

In conclusion, I wish to thank our employees for being resilient and standing up for the organization despite the various challenges in which we operated during 2019. I extend my appreciation to the Forestry Commission Board and the Ministry of Environment, Climate, Tourism and Hospitality Industry for their guidance and unfailing support. My sincere gratitude goes to our diverse range of stakeholders, partners and customers for their support and collaboration, which we really appreciate and hope will continue in the future.



A. Marufu
Forestry Commission General Manager

1. Forestry Commission Overview

Forestry Commission comprises two divisions, namely, Conservation & Extension (CONEX) Division and Research & Training (R & T) Division as well as the Ngamo Safaris Business Unit which is responsible for operating safari businesses in Matabeleland.

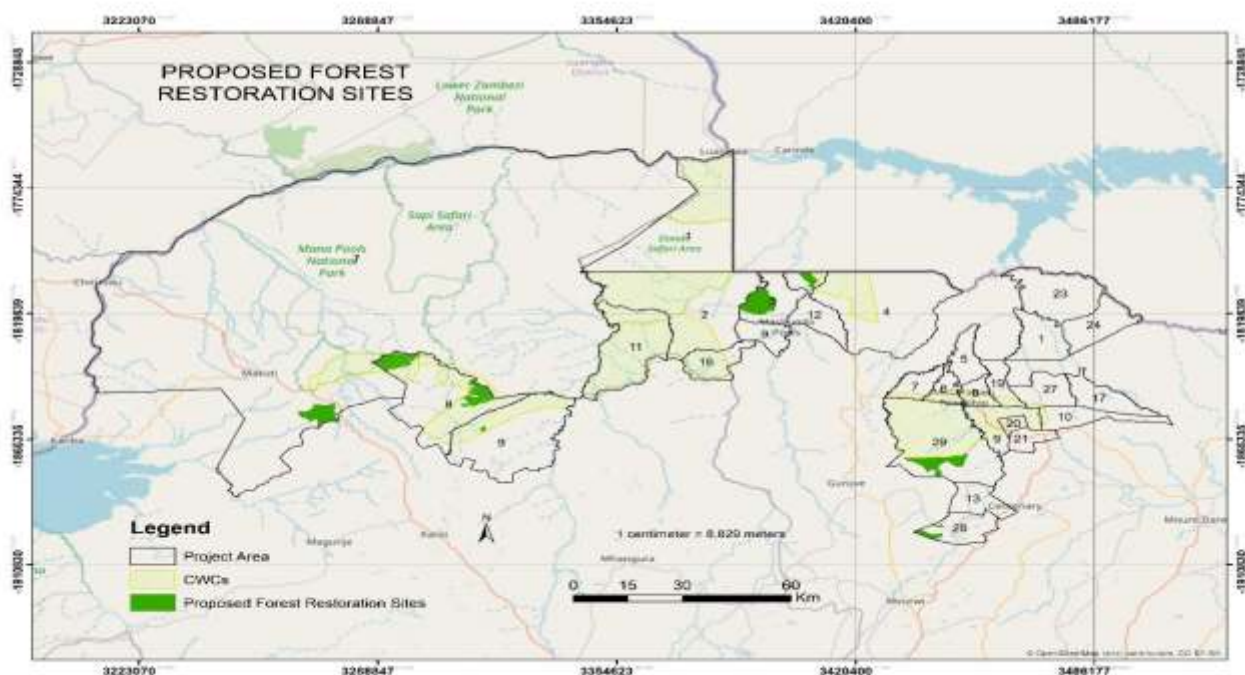


Plate 1.1: Tree Planting event and mapping of Forest restoration sites done by the CONEX and R & T Divisions respectively

2.0 Conservation and Extension (CONEX) Division

During the reporting period, the CONEX Division continued to focus on its key result areas, namely, improved forest management and forestry regulation and extension activities throughout the country. CONEX's extension programmes comprised tree seedling production, tree planting and training for farmers as well as collaborators.

2.1 Forestry Extension

Following the receipt of the thirteen-million-dollar (ZWL\$13 000 000) Afforestation Fund from the Treasury in September 2019, raised from levying tobacco growing farmers, Forestry Commission launched the Tobacco Wood Energy Programme (TWEP) in four provinces renowned for tobacco production, namely, Mashonaland West, Mashonaland Central, Mashonaland East and Manicaland.

Given that tobacco farming remains one of the major causes of forest loss in Zimbabwe through tree cutting for tobacco curing, accounting for up to a fifth of the national deforestation total of 300 000ha annually, the objective of TWEP is to alleviate this problem. Apparently, Zimbabwe is in danger of losing out on significant foreign currency from tobacco exports in the future if tobacco farmers continue to fell indigenous trees for tobacco curing without a corresponding replacement. TWEP's initiatives include: -

- Production of fast-growing tree seedlings for distribution to tobacco growers;
- Establishment of firewood plantations/woodlots for tobacco curing;
- Rehabilitation of deforested areas.

Forestry Commission is promoting the *Eucalyptus tereticornis* species, a gum tree species, as it can grow relatively fast in almost all of Zimbabwe's natural regions. Further, one does not have to replant the tree each time firewood is harvested as the tree coppices (new shoots which become trunks grow from the stump).

During the reporting period, Forestry Commission also started participating in the Global Environment Facility (GEF)-sponsored Project entitled "*Strengthening Biodiversity and Ecosystems Management and Climate - Smart Landscapes in the Mid to Lower Zambezi Region of Zimbabwe*". The project covers parts of Hurungwe District in Mashonaland West, and Muzarabani and Mbire Districts in Mashonaland Central, and seeks to strengthen capacity and governance frameworks for integrated wildlife and woodland management and wildlife/forest crime enforcement in Zimbabwe. Forestry Commission established three tree nurseries at Chitindiva Primary School in Hurungwe, Madzomba Community Centre in Mbire and Mavhuradonha Wilderness in Muzarabani focusing on producing indigenous tree seedlings for planting in the respective project areas.

2.2 Tree Seedling Production and Tree Planting

A total of 12 601 690 multipurpose tree seedlings which include Eucalyptus trees, fruit trees, indigenous trees and ornamental trees were produced during the period January to December 2019 across the country against a planned target of 15 million trees – hence an 84%

achievement. The number of seedlings include those produced by Forestry Commission in its nurseries as well as those produced by recipients of Forestry Commission extension services, namely farmers and other agencies as well as Forestry Commission's collaborators in tree planting such as Friends of the Environment (FOTE) and Sustainable Afforestation Association (SAA) of Zimbabwe.



Plate 2.1: Assorted seedling production at Harare Forest Research Centre.



Plate 2.2: Acacia seedlings at Guruve nursery, ready for planting

A total of 5 674 752 multipurpose trees were recorded as planted¹ against a target of 15 000 000, and hence, a 38% under-achievement. This under-achievement is partly attributable to the poor rains that were characteristic of the 2018-2019 planting season and the effects of Cyclone Idai which hit the country in March 2019.

The graph below depicts quantities of tree seedlings that were produced and planted in 2019 on a provincial basis, namely Mashonaland Central (Mash Cent), Mashonaland West (Mash West), Mashonaland East (Mash East), Manicaland (Manic), Midlands, Masvingo, Matabeleland North (Mat North) and Matabeleland South (Mat South).

¹ Excludes plantings on commercial timber plantations.

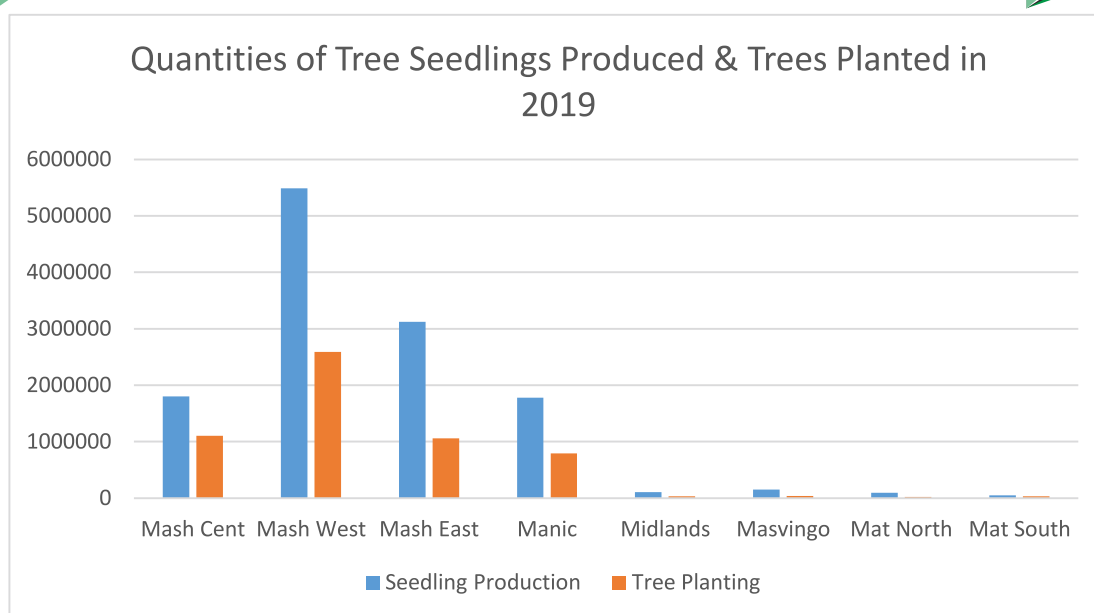


Figure 2.1: Number of tree seedling production and trees planted per province.

The graph shows that both tree seedling production and tree planting were better in provinces with relatively better annual rainfall, namely Mashonaland and Manicaland. Whilst tree seedling production and tree planting may not be as pronounced in provinces with relatively less rainfall, namely Midlands, Masvingo, Matabeleland North and Matabeleland South, forestry extension in these areas mainly focus on conserving already established trees and shrubs through woodland management activities which promote natural regeneration rather than focussing on planting new trees.

2.3 The National Tree Planting Day

Celebrations of the National Tree Planting Day (NTPD) for 2019 were kick-started on the first Saturday of the month of December, namely, 7 December 2019. The commemoration theme was “Fruit Trees for Food Security and Nutrition”. His Excellency, President E.D. Mnangagwa officiated at Goromonzi High School on 13 December 2019 and the Patron of Environment Amai Auxillia Mnangagwa officiated at Danhiko Project in Harare on 12 December 2019. The Minister of Environment, Climate, Tourism and Hospitality Industry, Honourable N.M. Ndlovu commemorated NTPD at Mabvazuva Secondary School in Epworth, Harare on 7 December 2019 and at Sikhathini High School in Bulilima Rural District Council on 16 November 2019. At all the officiating ceremonies, the presiders and dignitaries planted the tree of the year for 2019, namely, *Garcia b Buchananii* commonly called granite mangosteen (Umthunduluka in Ndebele and Mutunduru in Shona).



Plate 2.3: Tree planting at Danhiko - ZANU PF Walkathon Send - off by First Lady.

The 10th Friends of the Environment (FOTE) Walkathon, the curtain raiser to NTPD was from 4 to 6 December 2019 with participants walking from Chinhoyi Town to Katenhe Secondary School, Magunje, Hurungwe planting a total of 3 094 trees at ten venues during the Walkathon. FOTE was created in 2010 by Nyaradzo Group who, at every burial donate a tree to the bereaved family so as to be planted in memory of the deceased and also as a way of giving back to the environment in appreciation of the trees felled to make coffins and caskets.



Plate 2.4: All-inclusive tree planting at Mabvazuva Sec School - National Venue

2.4 Farmer/Stakeholder Training

Forestry Commission has a resident Forestry Extension Officer in each of the 59 districts in Zimbabwe mandated to provide extension services in areas that include tree growing and tree care, woodland management, beekeeping, fire prevention and fire fighting, forestry regulations and by laws, sustainable utilisation of forest products and climate change. Training techniques vary from one or two-day workshops, on-farm-training, demonstrations, field days, look and learn visits/tours, talks at meetings and radio/tv programmes.

During the reporting period, 600 workshops were conducted. Approximately 20 000 participants were trained and these include women's clubs, youth clubs, schools and farmer clubs.

As part of awareness raising on environmental and forestry issues, extension activities were also extended to exhibitions at the Zimbabwe International Trade Fair in Bulawayo, Zimbabwe Agricultural Show in Harare and District and Provincial Agricultural Shows, School / College Career Days and Environmental Expo.

Forestry Commission also joined the rest of the world in celebrating the International Day of Forests on 21 March under the theme "Forests and Education" in an effort to raise awareness of the importance of all types of forests.



Plate 2.5: International Day of Forests 2019 Theme

2.5 Forest Resources Regulation

Forestry Commission derives its regulatory power from the following instruments: -

- Section 73 of the Constitution of Zimbabwe which entitles every person to a sustainable environment managed through legislation and other measures that prevent pollution and ecological degradation while promoting forest conservation for economic and social development;
- Southern African Development Community protocol on Forestry, Article 15 of 2002 which urges state parties to take all necessary legislative, administrative and enforcement measures to address natural and human induced threats to forests;
- Forest Act (Cap 19:05) which mandates Forestry Commission to manage and conserve forest resources in Zimbabwe. The Forest Act is largely confined to State Forests and Private Land;
- Communal Lands Forest Produce Act (Cap 19:04) which regulates the exploitation of forest produce in Communal Areas.

Forest offenses that were rampant during 2019 included illegal movement of forest produce, felling of trees during land clearing without inspections, felling trees for charcoal production, illegal trading of firewood and mushrooming of unregistered timber businesses.

Hotspots for illicit charcoal production during 2019 were Muzarabani, Mt Darwin, Mudzi, Uzumba Maramba Pfungwe, Seke, Mhondoro, Ngezi, Chiredzi, Mwenezi, Gokwe, Bubyane, Nkayi and Hwange. In all the areas mentioned above, Forestry Commission conducted meetings attended by community and traditional leadership. As a result of blitzes that were conducted, over 2 500 bags of charcoal were confiscated and 60 arrests were made. Charcoal production is one of the worst drivers of deforestation as one requires 10kgs of wood to produce only 1kg of charcoal.

During the reporting period, Forestry Commission also collaborated with Environmental Management Agency (EMA) to conduct anti-veld fire awareness campaigns and apprehend offenders. Approximately an area of one million hectares of the veld is destroyed by fire annually and at times claiming human and animal lives as well as destroying property/infrastructure. Most veld fires occur during the period July to November, and are a result of uncontrolled fires caused by humans undertaking activities that include hunting, bee/honey harvesting, burning crop residues, burning homestead surroundings to improve visibility, land preparation and arson. Forestry Commission and EMA are lobbying for imposition of deterrent fines and even jail terms on veld fire offenders with a view to control the scourge of veld fires throughout Zimbabwe.



Plate 2.6: Mopane wood stacked, ready for charcoal production (Kakonono area between Chiwenga and Kairezi)

2.6 Gazetted Forest Protection and Management

In 2019, Forestry Commission continued to undertake activities that conserve and protect twenty-seven indigenous hardwood forests covering 829 000 hectares in the Matabeleland North, Midlands and Manicaland Provinces which are part of the Kalahari sand ecosystem which extends

into the Namibian and Botswana arid regions. These forests are rich in teak (*Baikiaea plurijuga*), mahogany (*Azelia quanzenis*), rosewood (*Guibourtia coleosperma*) and mukwa (*Pterocarpus angolensis*). It is important to conserve these indigenous forests for protection of the ecologically fragile soils. The region also serves as a critical water catchment for the Zambezi Water Basin. Further, should these forests succumb to destruction due to fire, poaching, diseases or pests - it would require approximately eighty to a hundred years for the trees to mature, as they have a very slow recovery rate. A degraded state of these forests would impact negatively on the tourism industry as these forests are home to a wide variety of game which attract both photographic safaris and sport hunting.

Regarding management and protection of the 27 gazetted forests extending 829 000 ha mainly located in Matabeleland North Province on fragile soils, CONEX undertook the following operations during the reporting period:

- Managing the forest areas through fire protection, regeneration and appropriate silvicultural operations as well as undertaking timber anti-poaching activities;
- Managing wildlife in FC's gazetted forest area through game counts, provision of water, maintaining appropriate carrying capacities and undertaking wildlife anti-poaching activities;
- Generating revenue from wildlife safaris and activities such as concessions and leases.

During 2019, Forestry Commission's Forest Protection Unit (FPU) had a shot in the arm regarding anti-poaching operations with assistance from two collaborators, namely Wild Is Life in Fuller & Panda Masuie Forests, and Conservation & Wildlife Fund in Ngamo & Sikumi Forests. The two collaborators assisted with transport, rations and ammunition to some of anti-poaching patrol teams. Support from collaborators as well as the end of delays in salary/wage payments that characterised 2018, generally uplifted the morale of the FPU. During the reporting period, the FPU conducted 11 834 patrol man-days covering 50 000km and effected 50 arrests of wildlife poachers and 30 of timber poachers. In addition, 20 stray hunting dogs were shot and 58 wire snares were removed.

Other operations within the gazetted forest included pumping water for game animals during the dry season as well as putting out fires and ensuring fire protection measures, that is, clearing fire-lines, fireguard burning and early block burning. A total of 600 hectares of bush encroachment were controlled.

One of the strategies employed by Forestry Commission is to lease out land to private players in the safari industry. This strategy is two pronged, namely, to generate revenue and to protect the forests.

Below is a list of private safaris operators in the gazetted forests;

Photographic safari operators in Forestry Commission's Gazetted Forests during 2019
Sijarira Lodge in Binga in Sijarira Forest operated by Jimba Safaris
Imvelo Safaris in Ngamo Forest
Elephant Eye (Jenman Safaris) in Sikumi Forest
Wild Is Life in Pandamasuie Forest
Shearwater Adventures in Fuller Forest
Lion (Wildlife) Encounter in Fuller Forest.

The Global Environmental Facility (GEF) funded Hwange - Sanyati Biological Corridor (HSBC) Project which started in 2014 came to end in June 2019 having assisted with protection and conservation of Ngamo and Sikumi Forests in Matabeleland North. The \$6.4 million project improved game water supply by sinking and equipping 4 solar powered boreholes, undertaking bio-assessment inventories in preparation for REDD+ projects and funding refresher training courses for the Forest Protection Unit.

Sustainable Forest Management was also practised at Forestry Commission's sixteen gazetted estates in the Eastern Highlands leased by Allied Timbers stretching over 120 000 hectares. Sustainable forestry practices prevent soil erosion on the very steep mountainous terrain where pine, eucalyptus and wattle are grown. Further, sound forestry practices in this catchment area guarantee water supply necessary for the support of the vital sectors of the economy such as tourism, agriculture and energy.

Sadly, Forestry Commission continues to face the challenge of a large population of illegal settlers in Gazetted Forests. There are approximately 50 000 individuals occupying at least 60 000 hectares of Forest Land. Of the twenty-seven Gazetted Forests, the most affected Forests are Gwaai, Mzolo, Bembesi, Gwampa and Lake Alice in Matabeleland North as well as Mafungautsi in Midlands. In the Eastern Highlands, illegal settlements are at Nyambewa, Gwendingwe, Tarka, Tandayi, Martin and Chisengu Forest Plantations in Chimanimani, Maswera and Stapleford Forest Plantation in Penhalonga. The settlers are primarily engaged in livestock and crop production, although some of those in the Eastern Highlands are involved in gold panning. On its own, Forestry Commission is unable to effectively deal with the illegal settlement issue as Government's intervention is required since evictions are politically sensitive. Gazetted Forests were declared protected for national reasons that include water catchment area management, prevention of soil erosion, biodiversity conservation and preservation of ecosystems – it is therefore important that Gazetted Forests be free from illegal settlements.



3.0 Research and Training Division

The Division consists of two units, namely, Research and Development (R & D) Unit and the Colleges/Training Unit. The R & D consists of three wings namely Plantation Forestry, Social & Indigenous Forestry and a supportive Technical Services wing. R & D is headquartered at the Forest Research Centre in Harare with John Meikle Station in Penhalonga, Muguzo Station in Chimanimani and Chesa Station in Bulawayo as satellites. The thematic areas of research are Biodiversity/ Forest Genetic Resources Conservation, Plantation Forest Research, Climate Change Mitigation/Adaptation, Forest Health, Social Forestry with support from Forest Resources Mapping & Inventory and Biometrics sections. The knowledge generated provides scientifically-grounded basis for assessing both the positive and negative impacts of forest management including utilization, land-use change, and technological innovation and thereby offer scientifically sound options for increasing forest productivity, restoring landscapes and ensuring sustainable tree-based land management practices. The Training Unit comprises two distinct colleges namely Zimbabwe College of Forestry (ZCF) and Forest Industries Training Centre (FITC) with ZCF offering training in forest resources management while FITC offers training in primary wood processing.

Research and Development

Accomplishments of the Research and Development Unit during 2019 are given below as follows: -

3.1 Plantation Forestry Research

i. Tree Breeding/ Improvement:

Thirteen research trials (with a combined area of 21.4 ha) against a target of 26 trials were maintained across the four research stations resulting in 50% achievement in the operation. The major cause for this negative variance was the complete destruction of the other 13 research trials by Cyclone Idai at MFRS during the beginning of the year.

Wood density assessments were conducted for 19 dominant indigenous trees from Zambezi Valley under the Global Environment Facility 6 project as a step towards carbon estimation in preparation of REDD+ projects in the area. The tested species were *Colophospermum mopane*, *Diospyros mespeiliformis*, *Terminalia spp*, *Combretum spp*, *Azelia quanzensis*, *Bauhinia petersiana*, *Diplorynchus condylocarpon*, *Julbernardia globiflora*, *Pseudolachnostylis maprouneifolia*, *Uapaca kirkiana*, *Brachystegia spp*, *Commiphora spp* and *Lannea discolour*.

ii. Seed/Germplasm Collection and Distribution

A total of 974.24 kgs of tree seed for plantation trials and sale was collected during the year and seed sales were as follows: -

Seed species	Sales (kg)		Total (kg)
	Local market	Export market	
Pine	85.19	7.9	93.09
Eucalyptus	117.09	14.06	131.15
Other	8.81	0	8.81
Total (kg)	211.09	21.96	233.05

A total of 60 000 Acacia seedballs were produced during the reporting period and 20 000 were broadcasted in Lupane and Shurugwi. Seedballing is a cheap “seed-pelleting- technique” that combines local materials/medium and seeds which are dispersed over large areas that are often hard to reach. Forestry Commission is assessing efficacy of this technique as an afforestation / reforestation tool.



Plate 3.1: Seed processing at Harare Forest Research Centre.

iii. Plantation Silviculture

Two *Pinus* Correlated Curve Trends (CCT) trials were measured in Tarka. A fire swept through the other three trials before measurements were taken. It then affected measurement as negative growth could be recorded due to the affected canopy. The trials provided long-term observations regarding the relationship between planting distances and thinning in Zimbabwe as well as the relationship between maximum density and tree survival based on CCT spacing status.

iv. Forest Protection - Biological Control Trials

Invasions of non-native insect pests in Zimbabwe are increasing due to increasing trade as well as inadequate quarantine measures. Consequently, Forestry Commission continued to research on use of parasitoids in the biological control on new invasive

pests threatening eucalyptus trees. During the year, a total of 17 *Selitrichodes neseri* adult parasitoids of the invasive gall-forming wasp *Leptocybe invasa* which causes serious damage to *Eucalyptus* plantations were reared and released in *Eucalyptus* plots in Harare. Observations to date show promising results regarding the control of galls on affected leaves and *S. neseri* is showing considerable potential as a biological control agent of *L. invasa*. Further, in another trial, 3 197 parasitoid *Psilaephagus bliteus* were reared and released for control of the invasive red gum lerp psyllid (*Glycaspis brimblecombei*) in Harare eucalyptus plots. Again, the predator is significantly reducing the psyllid population.

3.2 Indigenous and Social Forestry Research

i. Artificial Regeneration Trials

General maintenance was undertaken on artificial regeneration trials comprising 9 species namely, *Azelia quanzenis*; *Adansonia digitata*; *Sclerocarya birrea*; *Berchemia discolor*; *Colophospermum mopane*; *Kirkia acuminata*; *Strychnos spinosa*; *Ziziphus mauritiana* and *Piliostigma thonningii*. The trials are located at Chesa Forest Research Station in Bulawayo, Beitbridge and Goromonzi. Data analysis showed survival rates ranging from 5 to 90% with higher survival observed on *Colophospermum mopane*; *Azelia quanzenis* while *Strychnos spinosa* recorded the least survival across sites.

ii Strict Natural Reserves and Permanent Increment Plots

Maintenance of Strict Natural Reserves (SNRs) and Permanent Increment Plots (PIPs) in gazetted forests was on schedule during the reporting period. The 9 SNRs and 20 PIPs were established in the 1992/93 season. The Plots and Reserves which are all located in Matabeleland North are used to monitor woody biomass yield /increment and also provide the basis for growth models. The table below shows the location of the various PIPs and SNRs.

Strict Natural Reserves / Permanent Increment Plots - Location and Species	
SNR/PIP location	Species
Gwaai Forest	<i>Baikiaea plurijuga</i>
Gwampa Forest	<i>Baikiaea plurijuga</i>
Ngamo Forest	<i>Pterocarpus angolensis</i>
Ngamo Forest	<i>Guibourtia coleosperma</i>
Kazuma Forest	<i>Baikiaea plurijuga</i>
Umzibane Forest	<i>Pterocarpus angolensis</i>
Fuller Forest	<i>Pterocarpus angolensis</i>
Ungwe Forest	<i>Entandrophragma caudatum</i>
Mudzongwe Forest	<i>Entandrophragma caudatum</i>

Tree height data ranged from 7.5 to 8 meters while diameter at breast height (dbh) ranged from 7.2 to 9cm. Analysed data showed higher growth performance in *Baikiaea plurijuga* stands with *Pterocarpus angolensis* displaying the least growth performance.



Plate 3.2: Strict Nature Reserve at Gwampa Forest

3.3 Mapping and Inventory

National biomass map, which shows above ground carbon stock density across the country, was produced. The best forest sites were notable in Hwange, Mafungautsi, Mana pools and Eastern highlands with average carbon stock density of 25t C/ha, while the worst sites were mostly communal lands with carbon stock density ranging from 0 to 5t C/ha.

3.4 Research/Scientific Publications or Articles

Forestry Commission's research officers, namely, Messrs P. Mutete and M. Tembani were co-authors in the publications listed below: -

- i. P. Mutete; U. Mazarura; E. Gasura; S. Kageler, E. Ngadze; S. Kativu. 2019. *Hyphaene petersiana* dormancy and germination. *Seed Science and Technology Journal*. Vol 47(3) 1-7
- ii. Marunda, C.T., D. Mutta, Gapare, W.J., Alves, T., Mmkwame, M, and Tembani, M (2019). Situational Analysis of trends in tree improvement and germplasm production and impacts on sustainable forest management in Southern Africa. *Africa Journal of Rural Development* 4 (1):1-31.
- iii Kunonga N., Nhiwatiwa T., Kativu S., Tembani M (2019). Conservation status of

Aloe ortholopha Christian & Milne-Red, a serpentine endemic on the northern Great Dyke of Zimbabwe. Bothalia Journal; ISSN: 0006-8241, E-ISSN: 2311-9284

3.5 Colleges/Forestry Training

The Training Colleges wing comprises two distinct colleges, namely, Zimbabwe College of Forestry (ZCF) and Forest Industries Training Centre (FITC). ZCF offers training in forest resources management while FITC offers training in primary wood processing. Thus, the colleges do offer a wide range of forestry value chains including forest establishment and Silviculture, forest management, and timber harvesting. In addition, community forestry and natural resources management are offered. At both colleges, training is offered at certificate and diploma levels. Skills upgrading and in-service courses are offered to practicing industry personnel. The emphasis at both colleges is on practical work and students spend significant time outdoors for field work or trips to observe current forestry practices. Graduates from the colleges are recognized as being world class given that some are employed in South Africa, Swaziland, Australia and the United States of America.

Student enrolment during 2019 was as depicted in the table below: -

Programme	No. of Students	Gender	
		Male	Female
Foundation Certificate in Forestry	11	5	6
Certificate in Forestry (1 st year)	7	5	2
Dip. in Forestry Block Release (1 st year)	7	7	0
Dip. in Forestry (1 st year)	23	19	4
Dip. in Forestry (2 nd year)	22	15	7
Dip. in Forestry (3 rd year)	20	16	4
Dip. in Wood Tech (1 st year)	11	6	5
Dip. in Wood Tech (3 rd year)	4	2	2
Total	105	75	30

Following the affiliation of the Forestry Colleges to Bindura University of Science and Education in 2016, the Colleges introduced semesterisation, thus abandoning the practice of running courses on an annual basis. This transition affected graduating students by extending their duration of studies by six months. As a result, there were no graduating students in 2019. Graduation under the semesterised programmes will commence in 2020.

4.0 Ngamo Safaris

Ngamo Safaris is a business unit within Forestry Commission falling under the Conservation and Extension Division. The unit generates revenue for the organisation through sustainable utilization of the wildlife resources in Forestry Commission's gazetted forests in Matabeleland North Province. Ngamo Safaris operates photographic (non-consumptive) and hunting (consumptive) safaris. Ngamo Safaris Offices are located in Bulawayo. The hunting wing is responsible for over 90% of the revenue generated under Ngamo Safaris.

In general, the year 2019 had fewer hunter and observer days as well as fewer bednights relative to 2018 as the table below shows: -

Comparative Analysis – Hunter Days, Observer Days and Bednights: 2018 vs 2019			
	31 December 2018	31 December 2019	Percent decline
Hunter days	441	397	10
Observer days	178	155	13
Bednights	2624	1861	29

The decline could in part be attributed to a general slump in tourism arrivals in Zimbabwe due to destination image issues associated with August 2018 election results disturbances and the January 2019 stay-away protests as well as depressed macroeconomic climate and rapid inflation then. However, hunting contributed revenue amounting to ZWL\$8, 586, 759 with Photographic safaris contributing revenue amounting to ZWL\$1, 000, 505; hence an aggregated revenue of ZWL\$9, 587, 264 mostly in foreign currency.

Photographic Ganda Lodge near Hwange National Park is directly operated by Ngamo Safaris while other photographic safari activities are run by private operators who lease land from Forestry Commission.

During 2019, hunting was conducted from Amandundumela Camp in Gwaai-Bembesi Forest, Intundla Camp in Ngamo-Sikumi Forest and Kazuma Camp in Kazuma Forest. The majority of hunters who hunted in 2019 were from the USA following the lifting of the ban on elephant trophies from Zimbabwe and Zambia.

Looking forward, Ngamo Safaris with hunts now averaging 40 per annum compared to 80 in previous years, there is a need to lure more hunters by improving water supplies in all hunting areas so as to attract more animals. There is a need to intensify our marketing strategies and spruce up all the hunting camps as well as Ganda Lodge.

5. Conclusion

The Forestry Commission in its drive to regulate, conserve and enhance capacity; implemented a number of activities during the year 2019. A total of 12 601 690 assorted tree seedlings were produced while a total of 5 674 752 multipurpose trees were recorded as planted. National Tree Planting Day (NTPD) commemorations were successfully held at national, provincial and district levels. Other major activities implemented were the capacity building of farmers through conducting 600 workshops, awareness campaigns, conducting forest patrols resulting in 2500 bags of charcoal confiscated and 60 arrests made and all the gazetted forests were put under various management activities. Thirteen trials were established across Research Stations, Wood density assessments were conducted, seeds were collected and distributed; forest mensuration was on trials and production of a Natural biomass map. The Colleges embarked on semesterisation. Hunts in the Ngamo Safaris declined by 50% from the previous years.

Going forward, the priorities are enhancing capacity for seed supplies to support the plantation forestry industry to reduce its temporarily unplanted area which currently stands at 6000 hectares, as well as national programs under the Tobacco Wood Energy Programme (TWEP). Intensification of forest extension activities, forest enforcement and regulation; and upscaling of tree planting activities will be supported and implemented to address the challenges faced during 2019.



6. Audited Financial Statements

All communication should be addressed to:
The Auditor-General
P. O. Box CY 143, Causeway, Harare
Telephone: +263-242-793611/3/4
Telegrams: AUDITOR
E-mail: oug@auditgen.gov.zw
Website: www.auditorgeneral.gov.zw



OFFICE OF THE AUDITOR-GENERAL
5th Floor, Burroughs House,
48 George Silundika Avenue,
Harare

Ref: SB 73

**REPORT OF THE AUDITOR GENERAL
TO
THE MINISTER OF ENVIRONMENT, CLIMATE, TOURISM AND HOSPITALITY
INDUSTRY
AND
THE BOARD OF COMMISSIONERS
IN RESPECT OF THE FINANCIAL STATEMENTS OF THE
FORESTRY COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2019.**

Report on the Audit of the Financial Statements

Adverse Opinion

I have audited the financial statements of Forestry Commission set out on pages 7 to 26 which comprise the statement of financial position as at December 31, 2019 and the statement of profit or loss and other comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the accompanying financial statements do not present fairly the financial position of Forestry Commission as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**FORESTRY COMMISSION
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Basis for Adverse Opinion

Non-compliance with International Accounting Standard (IAS 21) "The effects of changes in foreign exchange rates"

The Commission translated its comparative financial statements and transactions for the period up to February 22, 2019 using an exchange rate of 1:1 for United States Dollar to Real Time Gross Settlement (RTGS) Dollar as prescribed to entities through Statutory Instrument 33 of 2019 (SI 33/2019). In order to comply with SI33/2019, issued on February 22, 2019, the entity changed its functional currency with effect from this date. Although the rate was legally pegged at 1:1 multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and US\$ amounts. The exchange rates applied met the legal requirements, but however did not meet the criteria for appropriate exchange rates in terms of International Financial Reporting Standards (IFRSs) as defined in International Accounting Standard (IAS) 21.

The official interbank exchange rate came into existence, through Exchange Control Directive RU 28 of 2019 issued by the RBZ in February 2019 and was initially pegged at a starting rate of 2.5. Transactions and balances from February 22, 2019 were now translated using the interbank rates. This was after a period of foreign currency scarcity and constrained exchangeability of bond notes, coins and electronic money to other foreign currencies. No assessment was carried out to show the appropriateness of the interbank rate to the existing economic environment. The interbank rate did not represent the price that could be received for foreign currency as many were unable to access foreign currency through the interbank market and immediate delivery of foreign currency could not be guaranteed. The financial statements of the Commission include balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its values.

Had the Commission complied with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially affected. As a result, the impact of the Commission's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements are considered material and pervasive to the financial statements as a whole. The financial effects on the inflation adjusted financial statements of this departure has not been determined.

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

**FORESTRY COMMISSION
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of Forestry Commission for the year ended December 31, 2019. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements:

Matter	How my audit addressed the Key Audit Matter
Valuation of trade receivables, refer to note 6 in the financial statements The Commission had trade receivables with a gross amount of \$ 6 402 854. Management had estimated an allowance for credit losses of \$ 1 969 532. The allowance for credit losses is a management estimate which involve significant judgments and assumptions about the recoverability of amounts owed by debtors. In performing the exercise, they consider a number of factors that include the liquidity conditions and business performance constraints within the economy and history of client payment trends. This therefore requires a lot of management assumptions and judgments to estimate the recoverability of outstanding amounts. There is therefore increased risk of material misstatement and hence the valuation of trade receivables was considered to be a key audit matter.	The audit procedures that I performed to address the risk of material misstatement relating to valuation of trade receivables included but were not limited to the following: • Obtained an understanding of the design and operating effectiveness of the internal controls towards the receivables process. • Evaluated the reasonableness of management judgments and assumptions made in estimating the allowance for credit losses considering the nature and reliability of any historic data used to support these assumptions • Tested the design, implementation and operating efficiency and effectiveness of controls on the accounts receivables operating cycle. • Tested the accuracy of the receivables age analysis and recoverability of amounts due from debtors through testing of subsequent receipts and corroborative enquiry. • Reviewed the Commission's provisioning policy to confirm compliance with IFRS 9 requirements I was satisfied by the reasonableness of management judgment and assumptions made in determining the allowance for credit losses.

**FORESTRY COMMISSION
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Other information

Those charged with Governance are responsible for the Other Information. The Other Information comprises all the information in the Forestry Commission's 2019 annual report other than the financial statements and my auditor's report thereon ("the Other Information").

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

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

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

The Commission's management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Forestry Act [Chapter 19:05] and Public Finance Management Act [Chapter 22:19], and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of my audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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.

**FORESTRY COMMISSION
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

**FORESTRY COMMISSION
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019**

I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Forestry Act [Chapter 19:05] and other relevant Statutory Instruments.

September 16, 2022.

M. Chiri
M. CHIRI,
AUDITOR - GENERAL.

FORESTRY COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Inflation Adjusted		Historical Cost	
		2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
ASSETS					
Non-current assets					
Property, plant and equipment	4	29 453 631	18 069 467	9 486 716	2 933 676
Available for sale financial instruments	8	-	183 578	-	39 654
		19 688 930	9 246 287	18 096 349	1 487 447
Current assets					
Inventories	5	3 412 104	1 237 052	1 819 524	198 953
Trade and other receivables	6	6 402 853	4 959 735	6 402 854	797 691
Cash and cash equivalents	7	9 873 972	3 049 499	9 873 972	490 803
Total assets		49 142 560	27 315 754	27 583 065	4 421 123
RESERVES AND LIABILITIES					
Reserves					
Non distributable reserve		35 194 283	(16 002 162)	13 634 788	(2 582 532)
Accumulated fund		52 169 435	52 169 435	8 398 862	8 398 862
		(16 975 152)	(68 171 597)	5 235 926	(10 981 394)
		30 584	39 261	30 584	39 261
Deferred income	9	30 584	39 261	30 584	39 261
Current liabilities					
Trade and other payables	10	13 917 693	43 278 656	13 917 693	6 964 394
Provisions	11	11 281 464	38 737 999	11 281 464	6 233 385
		2 636 229	4 540 656	2 636 229	731 009
Total reserves and liabilities		49 142 560	27 315 754	27 583 065	4 421 123

12/09/2022

12/09/2022

14/09/2022

A.W. CHIRANGANDE
(FINANCE DIRECTOR).
(AC/S, MBA, R.P. Acc(Z)).

A. MARUFU
(DIRECTOR GENERAL).

V. GUNDU-JAKARASI
(CHAIRPERSON).

FORESTRY COMMISSION
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

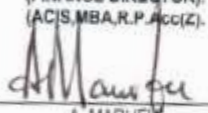
	Note	Inflation Adjusted		Historical Cost	
		2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
ASSETS					
Non-current assets		29 453 631	18 069 467	9 486 716	2 933 676
Property, plant and equipment	4	29 453 631	17 885 889	9 486 716	2 894 022
Available for sale financial instruments	8	-	183 578	-	39 654
Current assets		19 688 930	9 246 287	18 096 349	1 487 447
Inventories	5	3 412 104	1 237 052	1 819 524	198 953
Trade and other receivables	6	6 402 853	4 959 735	6 402 854	797 691
Cash and cash equivalents	7	9 873 972	3 049 499	9 873 972	490 803
Total assets		49 142 560	27 315 754	27 583 065	4 421 123
RESERVES AND LIABILITIES					
Reserves		35 194 283	(16 002 162)	13 634 788	(2 582 532)
Non distributable reserve		52 169 435	52 169 435	8 398 862	8 398 862
Accumulated fund		(16 975 152)	(68 171 597)	5 235 926	(10 981 394)
		30 584	39 261	30 584	39 261
Deferred income	9	30 584	39 261	30 584	39 261
Current liabilities		13 917 693	43 278 656	13 917 693	6 964 394
Trade and other payables	10	11 281 464	38 737 999	11 281 464	6 233 385
Provisions	11	2 636 229	4 540 656	2 636 229	731 009
Total reserves and liabilities		49 142 560	27 315 754	27 583 065	4 421 123

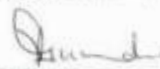
12/09/ ,2022

12/09/ ,2022

14/09 ,2022


A.W. CHIRANGANDE
(FINANCE DIRECTOR).
(ACIS, MBA, R.P. Acc(Z)).


A. MARUFU
(DIRECTOR GENERAL).


V. GUNDU-JAKARASI
(CHAIRPERSON).

FORESTRY COMMISSION
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019.

	Note	Inflation Adjusted		Historical Cost	
		2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
Income		108 355 926	48 207 270	50 904 322	7 764 515
Income	12	81 587 185	28 276 566	34 395 675	4 555 838
Amortised grant	9	8 677	53 897	8 677	8 677
Government grant	12.1	26 760 064	19 876 807	16 499 970	3 200 000
		(88 955 605)	(49 855 744)	(34 687 003)	(7 866 812)
Expenditure					
Administrative expenses	13	(37 861 150)	(21 046 961)	(22 046 634)	(3 227 279)
Employment costs	14	(51 094 454)	(28 808 784)	(12 640 369)	(4 639 533)
Surplus for the year		19 400 322	(1 648 474)	16 217 320	(102 297)
Monetary Gain		31 796 123	-	-	-
Total Comprehensive Surplus for the year		51 196 446	(1 648 474)	16 217 320	(102 297)

FORESTRY COMMISSION

STATEMENT OF CHANGES IN RESERVES

for the year ended December 31, 2019.

	Inflation Adjusted			Historical cost		
	Non-Distributable Reserve	Accumulated Fund	Total	Non-Distributable Reserve	Accumulated Fund	Total
	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS
Balance as at January 1, 2018	52 169 435	(66 523 123)	(14 353 688)	8 398 862	(10 879 097)	(2 480 235)
Comprehensive surplus/(deficit) for the year	-	(1 648 474)	(1 648 474)	-	(102 297)	(102 297)
Balance as at December 31, 2018	52 169 435	(68 171 597)	(16 002 162)	8 398 862	(10 981 394)	(2 582 532)
Balance as at January 1, 2019	52 169 435	(68 171 597)	(16 002 162)	8 398 862	(10 981 394)	(2 582 532)
Comprehensive surplus/(deficit) for the year	-	19 400 322	19 400 322	-	16 217 320	16 217 320
Monetary Gain	-	31 796 123	31 796 123	-	-	-
Balance as at December 31, 2019	52 169 435	(16 975 152)	35 194 283	8 398 862	5 235 926	13 634 788

FORESTRY COMMISSION
STATEMENT OF CASH FLOWS
for the year ended December 31, 2019.

Note	Inflation Adjusted		Historical Cost	
	2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
Operating activities				
Cash flows from operating activities	49 168 792	838 015	16 264 975	297 786
Cash flows before changes in working capital				
Operating surplus / (deficit) for the year	51 196 446	(1 648 474)	16 217 320	(102 297)
Adjustment for :	29 047 052	3 047 891	2 225 310	490 464
Loss on disposal of property, plant and equipment	6 665	(262 436)	6 665	(42 250)
Interest earned	(1 309 408)	(417 653)	(19 199)	(67 239)
Provision	(1 904 427)	103 608	1 905 220	16 680
Amortisation of capital grant	(8 677)	(53 897)	(8 677)	(8 677)
Depreciation charge on property, plant and equipment	466 776	3 678 269	341 301	591 950
Monetary Gains	31 796 123	-	-	-
Operating loss before working capital changes	80 243 498	1 399 416	18 442 630	388 167
Changes in Working Capital	(31 074 706)	(561 401)	(2 177 654)	(90 381)
Increase/(decrease) in trade and other receivables	(1 443 118)	270 958	(5 605 163)	43 622
(Increase) /decrease in inventories	(2 175 053)	(284 977)	(1 620 571)	(45 879)
Increase/(decrease) in trade and other payables	(27 456 535)	(547 382)	5 048 079	(88 124)
Cash flows from investing activities	(16 392 306)	502 186	(6 881 809)	80 848
Acquisition of property, plant and equipment	(17 885 889)	(454 172)	(6 941 259)	(73 118)
Interest received	1 309 408	417 655	19 199	67 239
Proceeds from disposal of non-current assets	597	262 548	597	42 268
Investments	183 578	276 157	39 654	44 459
Net decrease/ increase in cash and cash equivalents	32 776 486	1 340 201	9 383 169	378 634
Cash and cash equivalents at the beginning of year	3 049 499	1 709 298	490 803	112 169
Effects of Inflation	(25 952 013)	-	-	-
Cash and cash equivalents at the end of year	9 873 972	3 049 499	9 873 972	490 803

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

1. NATURE OF BUSINESS

The Commission was incorporated under statute in Zimbabwe by the Forest Act [Chapter 19:05]. The Commission's main activities include the management, protection and utilization of state indigenous forests, research, training, advisory and extension services, national and regional planning.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Commission's financial statements have been prepared with the aim of complying with International Financial Reporting Standards (IFRS) and are presented in Zimbabwe dollar, which is the Commission's functional and reporting currency. While full compliance has been possible in the previous periods only partial compliance have been achieved for 2019 because it has not been possible to comply with International Accounting Standard 21 "The effects of Changes in Foreign Exchange Rates" (IAS 21).

The IFRS Conceptual Framework requires that in applying fair presentation to financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. The same standard requires an entity to make certain judgments, where applicable regarding appropriate exchange rates between the currency where exchangeability through a legal and market exchange mechanism is not achievable.

In the opinion of directors, the requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework, and the Guidance issued by Public Accountants and Auditors Board on March 21, 2019. This has resulted in the adoption of accounting treatment in the current year's financial statements, which is at variance from that which would have been applied if the Commission had been able to fully comply with IFRS. Specifically, SI 33 has precluded the Commission from applying an independent assessment of functional currency as provided for under IAS 21.

2.1.1. Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement prescribing that the adoption of financial reporting in hyperinflationary economies had become effective for the reporting periods on or after 1 July 2019 in Zimbabwe. The Commission has adopted

FORESTRY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

IAS 29 Financial Reporting in Hyperinflationary Economies in the preparation of its 2019 Financial Statements.

IAS 29 Financial Reporting in Hyperinflationary Economies requires that the financial statements be prepared in the currency of a hyperinflationary economy and be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. As such, all the elements of the financial statements have been restated in line with IAS 29.

The restatement was calculated by means of conversion factors derived from Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Office reported on the Reserve Bank of Zimbabwe website.

The CPI is the general price index that reflect change in purchasing power and is the index that is being used in the country. The indices and conversion factors used to restate the accompanying financial statements at 31 December 2019 are as follows:

Dates	Indices	Conversion factor
CPI as at 31 December 2017	61.10	9.0728
CPI as at 31 December 2018	88.8	6.2112
CPI as at 31 December 2019	551.60	1.000

The main procedures applied for the above mentioned restatement are as follows:

- Monetary assets and liabilities that are carried at amounts at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date are restated by applying the relevant conversion factors
- Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Zimbabwe dollars at the foreign exchange rate ruling at that date
- Comparative financial statements are restated by applying the relevant year end conversion factors
- All items in the statement of cash flows are restated in terms of the measuring unit current at the balance sheet date
- The effect of inflation on the net monetary position of the Commission is included in the income statement as a gain or loss on the monetary position.

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2019.

2.2. Basis of measurement

The inflation adjusted annual financial statements of the Commission have been prepared based on the restatement of statutory records that are maintained under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss, which are measured at fair value.

2.3 Functional and presentation currency

In the previous financial periods the Commission has adopted the United States Dollar as both its presentation currency and functional currency. For the 2019 financial statements, in order to comply with local laws and regulations, particularly Statutory Instrument 33 of 2019 and taking into account the relevant guidance on the matter by the Public Accountants and Auditors Board issued on 21 March 2019, the Commission has adopted the ZWL as its presentation currency. Statutory Instrument 33 of 2019 has precluded the Commission from applying an independent assessment of functional currency as provided for under International Accounting Standard 21 'The effects of changes in Foreign Exchange Rates'.

2.4 Critical accounting judgements, assumptions and estimates

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

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

The Commission assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The depreciation rates are set out in note 3.2.2 and no changes to these useful lives have been considered necessary during the year.

2.5. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations adopted in 2019.

FORESTRY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

2.5.1 IFRS 9 Financial instruments: Classification and measurement

In July 2014, the IASB issued IFRS 9 Financial Instruments, the standard which replaced IAS 39 for annual periods beginning on or after 1 January 2018, with early adoption being permitted. From a classification and measurement perspective, the new standard required all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

2.5.2 IFRS 9 – Derecognition

Derecognition is the term used for ceasing to recognise a financial asset or financial liability on an entity's statement of financial position.

2.5.2.1 Assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. If the entity neither retains nor transfers substantially all the risks and rewards, but has not retained control of the financial assets, it also derecognises the financial assets. When control of the transferred financial asset is retained, the accounting can be complex.

2.5.2.2 Liabilities

An entity may only cease to recognise (derecognise) a financial liability when it is extinguished – that is, when the obligation is discharged, cancelled or expired, or when the debtor is legally released from the liability by law or by the creditor agreeing to such a release.

2.5.3 IFRS 9 – Impairment

The impairment requirements are based on the Expected Credit Loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to financial assets measured at amortised cost or FVTOCI, lease receivables, contract assets within the scope of IFRS 15 and specified written loan commitments (unless measured at FVTPL) and financial guarantee contracts (unless they are accounted for in accordance with IFRS 4 or IFRS 17).

Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses. If the credit risk has increased significantly since initial

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

recognition of the financial instrument, full lifetime expected credit losses are recognised. This is equally true for credit-impaired financial assets for which interest income is based on amortised cost rather than gross carrying amount.

IFRS 9 requires expected credit losses to reflect an unbiased and probability-weighted amount, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

2.5.4 IFRS 15 – Revenue from contracts with customers

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate and IFRIC 18 Transfers of Assets from Customers).

IFRS 15 applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards such as IAS 17 (or IFRS 16 Leases, once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods and services to a customer.

The principles in IFRS 15 follows a 5-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 requires an entity to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers.

The standard is effective for accounting periods beginning on or after 1 January 2018.

FORESTRY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

2.6.1 New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2018 and not early adopted.

A number of new standards and amendments to standards were issued and have not been applied in preparing these financial statements. Earlier application is permitted, however, the Commission has not early adopted the following standards but intends to adopt these standards, where applicable, when they become effective.

- i) **IFRS 16, leases effective for annual periods beginning on or after 1 January 2019, with early application permitted but only if the entity is also applying IFRS 15, revenue from contracts accounts with customers.**
- ii) Under the new standard, IFRS 16, leases, a lessee recognizes a right of use asset and a lease liability. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest.

3 ACCOUNTING POLICIES

The principal accounting policies of the Commission, which are set out below, have been consistently followed in all material respects.

3.1 Foreign currency transactions and balances

While the Commission's records are maintained in ZWL, some of its transactions are conducted in other major foreign currencies. Transactions in foreign currencies are translated to ZWL at rates of exchange ruling at the time of the transactions. Transactions and translation gains and losses arising from conversion settlement of foreign debts are dealt with in the statement of comprehensive income in determination of the operating income.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation of these assets, as with other property assets, commences when the assets are ready for their intended use.

3.2.2 Depreciation

Items of property, plant and equipment are depreciated using the straight-line method, so as to write off the assets over their anticipated useful lives. The depreciation rates are as follows:

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

Asset class	Rate (%)
Buildings	5
Office furniture and equipment	10
Roads and communication equipment	10
Plant and machinery	10
Vehicles and equipment	20
Computers	20

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

3.2.3 Property, plant and equipment acquired through capital grants

Assets acquired from capital grants, are included in property, plant and equipment at cost, and those acquired through a grant at their grant value at the date of contribution. The amount included in the assets is credited to deferred income and amortized over the lives of the respective assets.

3.3 Leases

Leases that transfer substantially all the risks and rewards or ownership are classified as finance leases. All other leases are classified as operating. Assets leased in terms of finance lease agreements are capitalized at amounts equal at the inception of the lease to the fair value of the leased property, or, if lower, at the present value of the minimum lease payments. Capitalized lease assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment. The corresponding rental obligations, net of finance charges, are included in long term borrowings. Lease finance charges are amortized to profit or loss (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on the remaining balance of the liability. Obligations incurred under operating leases are charged to profit or loss in equal installments over the period of the lease, except when an alternative method is more representative of time pattern from which benefits are derived.

3.4 Inventory

Inventories comprise timber, seedlings, consumables, spares and fuel and they are valued at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

3.5 Revenue

Revenue is recognized when services are rendered or goods are delivered. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the assets' carrying amount.

3.6 Financial instruments

Financial assets and financial liabilities are recognized on the Commission's Statement of financial position when the Commission becomes a party to the contractual provisions of the instrument. These instruments are generally carried at their estimated carrying values.

Non-derivative financial instruments carried in the statement of financial position comprise: cash and cash equivalents, trade and other receivables, trade and other payables and amounts owing to and from related parties. These instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

The Commission classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available for sale financial assets.

The classification depends on the purpose for which the investments were acquired.

3.6.1 Financial assets held-at-amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturities, other than those that meet the definition of loans and receivables, which the Company's management has the positive intention and ability to hold to maturity. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, held-at-amortised cost investments are measured at amortised cost using the effective interest rate and the interest is recognised in the statement of profit or loss.

3.6.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Commission intends to sell in the short term or it has designated as at fair value through profit or loss.

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2019.

3.6.2.1 Trade and other receivables

Trade and other receivables are stated at cost less impairment losses. When a trade receivable is uncollectible it is written off against the allowance for credit losses. Subsequent recoveries of amounts previously written off are credited against the trade receivables impairment provision in the profit of loss.

Allowance for expected credit losses

The major impact of the application of IFRS 9 is on trade and other receivables. IFRS 9 stipulates 3 approaches to calculating expected credit losses (ECL), i.e the general approach, the simplified approach and the credit impaired approach.

The Commission adopts the simplified approach as this is the approach specifically designated for trade receivables or contract assets that arise from transactions that are within the scope of IFRS 15 (para 5.1.15)

In calculating the expected losses for trade receivables, default rates were determined according to the aging of receivables. Customers that are in default are those who have not paid their accounts for at least a period of 12 months. Adjustments are made to the default rates in order to take into account reasonability and supportable forecasts affecting collectability. The default rates adjusted in line with forward looking information are then applied on the total value of receivables for the particular aging group to come up with the expected credit losses.

3.6.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term bank deposits with an original maturity of three months or less.

3.6.5 Impairment of assets

3.6.5.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset, recognized previously in equity, is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3.7 Financial Liabilities

3.7.1 Liabilities and provisions

3.7.1.1 Provisions

A provision is recognized in the statement of financial position when the Commission has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

3.8 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. The retirement benefits applicable to the National Social Security Commission are determined by the systematic recognition of legislated contributions.

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2019.

4 PROPERTY, PLANT AND EQUIPMENT									
HISTORICAL									
	Buildings	Roads and communication	Plant and machinery	Motor vehicles	Furniture and equipment	Computer equipment	Work in progress	Total Dec-2019	Total Dec-2018
	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS
Opening carrying amount	2 670 284	2 350	90 635	1 129 339	58 879	196 509	12 629	2 894 020	3 412 872
Gross carrying amount	5 205 466	131 714	2 361 708	1 129 339	191 697	196 509	12 629	9 229 062	9 174 541
Accumulated depreciation	(2 535 182)	(129 364)	(2 271 073)	(1 088 891)	(132 818)	(177 712)	-	(6 335 041)	(5 761 669)
Additions at cost	16 421	9 883	135 912	80 334	19 558	200 441	6 478 710	6 941 259	73 118
Disposals	-	-	-	(7 262)	-	-	-	(7 262)	(18)
Cost	-	-	-	(369 974)	-	-	-	(369 974)	18 597
Accumulated Depreciation	-	-	-	362 712	-	-	-	362 712	(18 579)
Depreciation charge for the year	(254 587)	(1 380)	(28 852)	(19 889)	(15 862)	(20 732)	-	(341 301)	(591 952)
Closing carrying amount	2 432 118	10 853	197 695	93 631	63 574	198 506	6 478 710	9 486 716	2 894 020
Gross carrying amount	5 221 887	141 597	2 497 620	839 699	211 254	396 950	6 478 710	15 800 346	9 229 062
Accumulated depreciation	(2 789 769)	(130 744)	(2 299 925)	(746 068)	(148 680)	(198 444)	-	(6 313 630)	(6 335 041)

PROPERTY, PLANT AND EQUIPMENT									
INFLATION ADJUSTED									
	Buildings	Roads and communication	Plant and machinery	Motor vehicles	Furniture and equipment	Computer equipment	Work in progress	Total Dec-2019	Total Dec-2018
	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS	ZWLS
Opening carrying amount	9 889 620	35 748	675 180	881 986	369 683	151 476	38 087	12 041 780	21 199 050
Gross carrying amount	18 676 360	588 276	3 353 069	4 672 552	617 870	480 246	38 087	28 426 459	56 987 650
Accumulated depreciation	(8 786 740)	(552 528)	(2 677 889)	(3 790 566)	(248 186)	(328 770)	-	(16 384 679)	(35 788 600)
Additions at cost	17 242	18 189	173 376	152 601	19 558	283 795	17 221 129	17 885 889	480 735
Disposals/Transfers	-	-	-	(7 262)	-	-	-	(7 262)	(112)
Gross carrying amount	-	-	-	(369 974)	-	-	-	(369 974)	(115 515)
Accumulated depreciation	-	-	-	362 712	-	-	-	362 712	115 403
Depreciation charge for the year	(289 460)	(4 699)	(73 354)	(23 502)	(43 064)	(33 697)	-	(466 776)	(3 678 269)
Closing carrying amount	9 617 403	49 238	776 201	1 003 823	346 177	401 573	17 259 215	29 453 631	17 885 889
Gross carrying amount	18 693 602	606 465	3 526 445	4 455 179	637 427	764 040	17 259 215	46 305 086	57 352 870
Accumulated depreciation	(9 076 199)	(557 227)	(2 750 244)	(3 451 356)	(291 251)	(362 467)	-	(16 851 455)	(39 466 981)

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2019.

	Inflation Adjusted		Historical Cost	
	2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
5 Inventories				
Consumables	2 044 210	316 734	555 699	50 992
Timber	1 367 894	920 318	1 263 825	147 961
	3 412 104	1 237 052	1 819 524	198 953
6 Trade and other receivables				
Trade Receivables	6 557 869	8 903 890	6 557 869	1 431 799
Allowances for credit losses	(1 969 532)	(5 111 317)	(1 969 532)	(822 004)
Other receivables	1 814 516	1 167 163	1 814 517	187 896
Total trade and other receivables	6 402 853	4 959 735	6 402 854	797 691
7 Cash and cash equivalents				
Bank balances	9 757 904	2 924 592	9 757 904	470 711
Cash on hand	116 068	124 908	116 068	20 092
	9 873 972	3 049 499	9 873 972	490 803
8 Treasury bills at Reserve Bank of Zimbabwe				
Investments RTGS	-	183 578	-	39 654
	-	183 578	-	39 654
9 DEFERRED INCOME				
Opening balance of the capital grant	39 261	39 261	39 261	47 938
Amortised during the year	(8 677)	(8 677)	(8 677)	(8 677)
	30 584	30 584	30 584	39 261

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2019.

	Inflation Adjusted		Historical Cost	
	2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
10 TRADE AND OTHER PAYABLES				
Trade payables	2 470 968	5 425 915	2 470 968	877 024
Hunting deposits-Ngamo & CONEX	4 522 150	7 030 541	4 522 150	1 130 926
Other payables	4 288 346	26 281 543	4 288 346	4 225 435
	11 281 464	38 737 999	11 281 464	6 233 385
11 PROVISIONS				
Leave pay	2 636 229	2 842 316	2 636 229	457 589
Bonus provision	-	1 698 340	-	273 420
	2 636 229	4 540 656	2 636 229	731 009
12 INCOME				
Income for the year generated from the following divisions:				
Head Office	1 620 209	729 092	792 268	108 701
Ngamo safaris	19 192 639	7 339 619	9 587 263	1 192 095
Protection and management of indigenous forests	25 377 694	8 546 640	13 109 896	1 370 128
Research and development	15 904 890	3 777 827	3 034 420	608 199
Rural afforestation	11 814 647	5 097 024	4 401 173	819 457
Training colleges	7 677 106	2 840 261	3 479 332	457 258
	81 587 185	28 330 463	34 404 352	4 555 838
12.1 GOVERNMENT GRANT				
Government grant	26 760 064	19 876 807	16 499 970	3 200 000
	26 760 064	19 876 807	16 499 970	3 200 000

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019.

	Inflation Adjusted		Historical Cost	
	2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
13 Administration expenses				
Advertising and publicity	646 471	367 358	320 174	59 142
Audit fees	192 598	142 492	183 520	22 940
Bank charges	2 952 379	665 543	1 012 921	107 081
Board expenses	769 741	149 001	395 806	23 988
Staff canteen expenses	651 263	216 500	262 149	34 850
Computer expenses	650 947	257 714	230 351	41 478
Contract hunters pay	1 016 634	332 123	793 227	53 469
Depreciation	466 776	3 678 269	341 301	591 951
Donations	20 438	17 616	6 768	2 836
Electricity, rates and water	1 856 151	2 088 027	1 231 199	331 824
Depots expenses	2 362 964	1 591 654	869 180	255 893
Field operations	2 515 653	2 532 803	1 541 774	425 033
Food and groceries for clients	1 499 928	1 027 727	769 711	165 456
Graduation expenses - Colleges	197	33 207	197	5 346
House keeping-Colleges	219 444	150 769	47 777	24 272
Insurance costs	37 536	183 040	51 963	29 468
Legal and professional fees	24 827	66 790	37 547	10 750
Liquor and minerals Ngamo Safaris	170 054	130 541	100 991	20 879
Maintenance of plant and machinery	1 667 784	1 307 807	847 507	210 525
Bad debts written off	-	190 414	-	30 300
Bad debts provision	1 258 420	240 355	1 258 420	8 632
Office expenses	60 627	19 237	18 971	2 725
Other overheads	1 345 508	379 825	470 826	63 570
Safari expenses	314 918	149 492	231 988	24 582
Postage and carriage	94 518	61 592	33 684	9 910
Printing and stationery	495 542	180 322	137 825	29 016
Protective clothing	375 819	90 039	287 188	14 492
Regulatory and compliance costs	97 326	8 389	119 392	1 351
Seminars and conferences	264 586	139 532	225 281	22 462
Subscriptions	172 650	90 344	23 772	14 166
Subsistence and travel	4 374 248	967 908	1 863 344	153 792
Telephone	738 879	915 050	256 429	147 265
Vehicle and equipment expenses	5 821 181	2 675 368	3 075 810	287 817
Loss on asset disposals	6 665	112	6 665	18
HSBC expenditure	346 050	-	105 397	-
TWEP expenditure	3 010 647	-	1 515 539	-
Exchange loss	1 361 780	-	3 372 043	-
	37 861 150	21 046 961	22 046 634	3 227 279

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year end December 31, 2019.

	Inflation Adjusted		Historical Cost	
	2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
14 EMPLOYMENT COSTS				
Salaries and wages	48 030 063	25 946 659	11 098 673	4 178 817
Bonus	1 131 766	1 698 344	1 131 766	273 419
Educational training expenses	76 195	101 035	32 633	16 266
Staff training	-	3 791	-	610
Staff transport and welfare	1 856 430	1 058 954	377 296	170 421
	51 094 454	28 808 784	12 640 369	4 639 533

15 Related Party Transactions

The following board fees and remuneration for key management staff were paid during the year as follows:

15.1 Key management staff

Remuneration of executive directors and key management staff of the Commission comprise of an annual basic salary, annual bonus, social security contribution, pension contributions, medical aid contribution and other benefits.

General Manager	946 061	244 746	152 308	39 402
Deputy General Manager - Conex	654 406	46 102	105 354	7 422
Deputy General Manager - R&T	617 566	274 474	99 423	44 188
Finance Manager	454 452	201 979	73 163	32 517
Corporate Planning Manager	431 854	191 935	69 525	30 900
Human Resources Manager	447 924	199 079	72 112	32 050
Principal Colleges	401 387	178 394	64 620	28 720
Chief Conservator of Forests	394 144	175 177	63 454	28 202
Manager Ngamo Safaris	441 103	196 047	71 014	31 562
Totals	4 788 898	1 707 933	770 973	274 963

15.2 Non Executive Directors

Allowances for non executive directors for the year ended December 31, 2019 were as follows:

	Board fees	Other Benefits	Board fees	Other Benefits
Board Chairperson	25 995	165 832	4 185	26 698
Vice Board Chairperson	58 078	138 193	9 350	22 248
Commissioners	217 395	967 354	34 999	155 736
Totals	301 467	1 271 380	48 534	204 682

Allowances for non executive directors for the year ended December 31, 2018 were as follows:

	Board fees	Other Benefits	Board fees	Other Benefits
Board Chairperson	16 026	8 311	2 580	1 338
Vice Board Chairperson	25 852	5 087	4 162	819
Commissioners	82 936	29 306	13 352	4 718
Totals	124 814	42 704	20 094	6 875

FORESTRY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
for the year end December 31, 2019.

		Inflation Adjusted		Historic 2019	
		2019 ZWLS	2018 ZWLS	2019 ZWLS	2018 ZWLS
16 PENSION ARRANGEMENTS					
Amounts charged through the statement of profit or loss and other comprehensive income during the period under review amounted to the following:					
Public Service Pension Fund		2 392 091	1 896 608	385 107	305 338
Old Mutual Pension Fund					
		<u>2 392 091</u>	<u>1 896 608</u>	<u>385 107</u>	<u>305 338</u>

The Commission operates a defined contribution Pension Fund administered by Old Mutual and Public Service Pension Fund to which both the company and its employees contribute as follows:

Old Mutual:	Employees 8% of monthly pensionable emoluments
	Employer 10.4% of monthly pensionable emoluments
Public Service Pension Fund:	Employees 7.5% of monthly pensionable emoluments
	Employer 15% of monthly pensionable emoluments

Due to funding challenges, the Old Mutual scheme is currently on Paid Up Status but will resume as soon as the financial situation improves.

16.1 National Social Security Authority (NSSA)

The National Social Security Authority was introduced on October 1, 1994 and with effect from that date all employees are members of the scheme, to which both the company and its employees contribute as follows:

Employees: 3.5% of pensionable emoluments.
Employer: 3.5% of pensionable emoluments.

Amount charged through the statement of profit or loss and other comprehensive income during the period under review amounted to US\$160 640 (2017: US\$160 071)

17 Contingent Liabilities

There were no contingent liabilities

18 Going concern

The Commission had a surplus of ZWL\$16 217 320 for the year ended December 31, 2019 (2018: ZWL\$102 297) due to recurrent grant received from the Government. The Directors have assessed the ability of the Commission to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

19 SUBSEQUENT EVENTS

The Government of Zimbabwe declared a national lockdown with effect from 30 March 2020 in response to the World Health Organization (WHO) declaration of the COVID-19 as a pandemic. Many Governments the world over followed WHO guidelines on awareness, hygiene, social distancing and other measures to combat the spread of COVID-19 virus. This involved curtailing business and social activities to the detriment of the economy in general and the tourism/travel sector in particular. Forestry Commission was effected by the negative impact of the lockdown restrictions but implemented survival strategies which enabled the entity to remain as a going concern.

