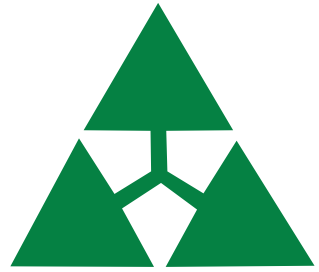


FORESTRY COMMISSION



ANNUAL REPORT 2022



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CONEX	Conservation and Extension
FITC	Forest Industries Training Centre
FRC	Forest Research Centre
GEF	Global Environment Facility
R & T	Research and Training
TWEP	Tobacco Wood Energy Program
ZCF	Zimbabwe College of Forestry



Forestry Commission
1 Orange Grove Drive
PO Box HG 139
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Harare

31 December 2022

The Honourable Minister of Environment, Climate and Wildlife
12th Floor, Kaguvi Building
P Bag 7753
Causeway
Harare

Dear Honourable Nyoni

**RE: ANNUAL REPORT FOR THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDING 31 DECEMBER 2022.**

On behalf of the Forestry Commission Board, I have the honour and privilege to present to you the Commission's Annual Report and Financial Statements for the year ending 31 December 2022. This is in accordance with subsections (1) of section 49 of the Public Finance Management Act, Chapter 22:19.

Yours sincerely,



Veronica Jakarasi (Mrs)
Board Chairman



Board of Commissioners



Veronica Jakarasi
Board Chairman



Caroline Mudenda
Commissioner



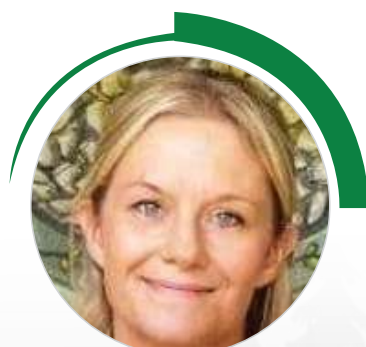
Professor Munashe Shoko
Commissioner



Tanyaradzwa Mundoga
Commissioner



Nancy Matshe
Commissioner



Shelly Cox
Commissioner



Joyce Gombe
Acting Director General



Executive Management



Joyce Gombe
Acting Director General



Stephen Zingwena
*Deputy Director
General - Conservation
and Extension Division*



Mduduzi Tembani
*Acting Deputy Director
General - Research and
Training Division*

Management Team

Finance Manager
Human Resources and Administration Manager
Company Secretary and Legal Services Manager
Manager, Ngamo Safaris
Principal, Colleges
Internal Audit Manager
Operations Manager
Business Development and Marketing Manager
Chief Conservator of Forests
Procurement Manager
Acting Corporate Planning Manager

Mr Walter Chirangande
Mr Sukoluhle Nkiwane
Mrs Mary G. Hare
Ms Siphilisiwe Ngwenya
Mr Moven Machamacha
Mr Clever Banga
Mr Lewis Radzire
Mr Enock Mandura
Mr Armstrong Tembo
Mrs Beverly Nyemba
Mr Antony T. Chiodze



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Harare

BANKERS

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Zimbabwe

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ATTORNEYS

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6th Floor Goldbridge, Eastgate Complex
P.O. Box CR 36 Cranborne Harare

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





Our Vision

Sustainably managed and utilized forest resources in Zimbabwe by 2030.



Our Mission

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



Our Core Values

- **Integrity** – Forestry Commission staff shall ascribe to high standards of transparency and ensure accountability in conduct of their business.
- **Professionalism** – decision making and practice 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.



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 & 2021] 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 practices of the Commission. The Forestry Commission Board is responsible for the corporate governance of the Commission in the sustainable management and conservation of forests and allied resources.



M.G Hare
*Corporate Secretary and
Legal Manager*

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 organized around four standing Board Committees, namely: -

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

The day-to-day management of the Forestry Commission is entrusted to the Director General who is appointed by the Board in consultation with the Minister. The Board through the Director General guides the operations of the organization. The Director General is assisted by two Deputy Director Generals 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 in figure 1 below:





Our Promise to Clients

Our general standards of service to our clients shall be characterized 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.



Chairman's Statement

On behalf of the Forestry Commission Board, it gives me great pleasure to present to you the Forestry Commission's Annual Report and audited financial statements for the year ending December 2022.

I am pleased to announce that Forestry Commission made a number of highly significant and notable strides during the year 2022. These included but are not limited to successfully holding of Annual General Meeting (AGM) for the year 2019 and 2020, entered into Strategic Partnerships, facilitated the placement of 54 985 hectares of forests under active management by the Gokwe North Rural District Council, held an International Symposium on Forestry and implemented the Beautification of Cities program. These have gone a long way in promoting the visibility, social engagement and credibility of the Commission.



The 1st AGM was conducted on the 20th of December 2022 at the Management Training Bureau. The then Minister of Environment, Climate, Tourism and Hospitality Industry, Honourable N.M. Ndlovu was the Guest of Honour. The Chairman's, General Manager's, 2019 and 2020 financial reports were presented, adopted and ratified for the 2 years. The organization also managed to successfully achieve the placement of the two forest blocks under active management. The forest blocks are Madzivazvido which is 18 475 hectares and Nyaurungwe which is 36 510 hectares. The two forest blocks are under Gokwe North Rural District Council and were reported under National Development Strategy 1.

This has helped and will continue supporting the communities to realize maximum value from the forests economically, ecologically and environmentally. An intensive Beautification of Cities initiative through urban tree planting was conducted and 1083 assorted exotic and indigenous ornamental trees were planted along E.D Mnangagwa road in Harare. An International Symposium on Forestry which was held at Cresta Lodge in Harare was well attended virtually and physically, with over 100 participants from 69 organizations including local and regional private companies in the forest sector; local, regional and international universities; regional forest research centres as well as local government departments and parastatals. Further to that, the Forestry Commission entered into various strategic and fruitful alliances with partners in order to promote the conservation and protection of forest resources. These involved the following organizations:

- “My Trees” for promoting tree planting
- “Moon seed” for woodland and orchard establishment
- “Fire fight” for fire monitoring
- “Wild Aid” for publicity of forest activities
- University of Edinburgh and
- REDD+ partnerships with Aither and Invictus Energy.

There is an African proverb that says, “The person that does not look ahead remains behind.” Regarding prospects and outlook; Forestry Commission looks forward to:

- The finalization of the Zimbabwe National Forest Policy process and adoption of the Policy which will balance the sustainable management and utilization of Zimbabwe's forests, woodlands and trees so that they produce vital environmental goods and services to support the socio-economic development of the country.
- Push through the restructuring exercise to streamline where possible and necessary as guided and reviewing the proposals from the Technical Assistance Support to Natural Resources Management (TANRM) Consultants.
- Finalisation of the Landela Hotel Project which is proposed to be established at Forestry Commission Head Office. Applications for Land Use Change and subdivision were filed with the City of Harare by the University of Zimbabwe Department of Rural and Urban Planning at the time of reporting. The processes will be expected to be complete by final quarter 2023 or in 2024.

In conclusion, I would like to acknowledge the solid support of the Board, Senior Management and the Forestry Commission staff. My appreciation goes to all our role players who implemented and or pivoted forestry activities during the year 2022. I pray that the spirit of commitment, confidence and cooperation reflected in 2022 continue so as to culminate in the achievements of our targets enshrined in the Strategic Planning document which immensely contributes to the National Development Strategy 1 supporting the goals of Vision 2030.

Veronica Jakarasi
Board Chairman



The Forestry Commission's financial situation was precarious given the limited resources that were at its disposal. As a result, the Commission was operating on the basis of hand to mouth and falling into arrears on some statutory obligations and employee foreign currency denominated allowances. It is my earnest prayer that the Commission receive capitalisation to renovate dilapidated buildings, obsolete equipment and procure more operational vehicles to generate more revenue.

However, despite the organization's poor financial situation, the Forestry Commission's departments made efforts to raise some revenue totalling to ZWL 3 337 357 893 though a mismatch existed between expenditure and cash inflows during the time of reporting.



The following activities were undertaken during the reporting period: -

1. A total of 19.7 million trees were planted against a target of 25 million trees resulting in more than 79% achievement. The Tree of the Year for Zimbabwe was Umdoni in Ndebele; Muhute in Shona and Waterberry in English. Planting of the tree and other species was promoted in all parts of the country. From the National Tree Planting Day (NTPD) commemorations held across the country, a total of 233 496 trees were planted against a set target of 186 932. His Excellency President E.D Mnangagwa was expected to lead the National Tree Planting commemorations at Tsindi Secondary School in Makoni District in December 2022 but did not manage due to other commitments. However, a total of 8 300 trees were planted at the school in readiness for HE's official launching ceremony, comprising 7930 Eucalypts, 270 improved fruit trees for the school orchard, and 100 tree of the year seedlings. There was significant stakeholder contribution towards the hosting of this launch event.
2. The Strategic Planning Workshop for the Forestry Commission was held at Cresta Lodge in Msasa from the 21st - 24th of November 2022. It was officially opened by the Permanent Secretary in the Ministry of Environment, Climate, Tourism and Hospitality Industry (MECTHI), Ambassador R.T Faranisi. A lot of contributions came from the invited stakeholders which were then part of the inputs that assisted in the formulation of a consolidated and reviewed Strategic Plan for 2023. Key outputs from the Strategic Planning Workshop included a Reviewed Strategic Plan for the period 2021 - 2025, Annual Plan of Operation for 2023, Board Chairman's Contract, Director General Contract and the two Deputy Director Generals' Contracts.
3. There was a surge in the number of illicit forest crimes generally as evidenced by increased cases of charcoal burning, illegal harvesting of forest products and illegal trade in firewood, illegal settlements in forest areas, illegal cultivation and poaching. In pursuit to dwindle the effects of the aforementioned activities, Forestry Commission continued to lobby for deterrent penalties that discouraged the proliferation of such activities.
4. Forestry Commission remained implementing the UNDP-administered Global Environment Fund Cycle number 6 (GEF 6) project. Among other activities implemented are woodland management, nursery establishment and tree planting. The GEF 6 implementing districts benefitted fire equipment that was commissioned which included 1008 fire beaters, 120 high pressure knapsacks (fire cans), 6 fire catchers and 6 fire blowers during a Fire Launch. The equipment was commissioned by the Minister of Environment, Climate, Tourism & Hospitality Industry, Hon Mangaliso Ndlovu.



- 
5. Forestry Commission is one of the implementing Partners of the FAO-administered Global Environment Facility Cycle number 7 (GEF 7) project entitled, “*A cross-sector approach supporting the mainstreaming of sustainable forest and land management to enhance ecosystem resilience for improved livelihoods in the Save and Runde Catchments of Zimbabwe*”. The forest conservation project commenced in May 2021 and will run up to April 2026 and is being implemented in Masvingo, Chivi, Bikita, Zaka, Shurugwi, Chimanimani, Chipinge and Buhera Districts.
 6. On the forest research front, a book of abstracts was published following the successful hosting of an International Symposium on forests. The book contains 26 abstracts from submissions by various scholars and scientists covering 5 thematic areas.
 7. The Zimbabwe College of Forestry conducted a graduation ceremony for Diploma and Certificate in Forestry and Wood Technology programmes at FITC on the 30th of June. The major highlight of the graduation ceremony was tree planting by all 43 graduands in addition to the tree planting routine by the Guest of Honor and a few other dignitaries.

In conclusion, I wish to thank our employees for standing up under the difficult circumstances of 2022. I extend my gratitude to the Forestry Commission Board and the Ministry of Environment, Climate, Tourism and Hospitality Industry for their guidance and unfailing support. My appreciation also goes to our diverse range of stakeholders, partners and customers for their support and collaboration.



Joyce Gombe
Acting Director General



1. Forestry Commission Overview

Forestry Commission consists of three programs which are:

- i. **Program 1:** Policy and Administration which consists of support departments or units such as the Human Capital and Administration Department, Finance Department, Corporate and Legal Services, Corporate Planning, Monitoring & Evaluation, Procurement Department and Audit.
- ii. **Program 2:** Conservation of forest resources for sustainable development which consists of the Forestry Extension Services Department and the Conservation Department.
- iii. **Program 3:** Forest Research & Training which consists of the Research and Development wing and the Forestry & Wood Technology Training wing.

All the aforementioned programs work excessively hard in order to attain the overall functions that the Forestry Commission is obliged to which include the need to:

- i. Formulate policies and guidelines regarding the management, conservation and utilization of all types of forests in the country.
- ii. Promote forestry education and training.
- iii. Conduct forestry research and apply research findings.
- iv. Draw up and implement management plans for gazetted forests.
- v. Assist rural district councils in drawing up forest management plans.
- vi. Provide forest extension services country-wide.
- vii. Promote national interest in relation to international forest-related conventions and principles.
- viii. Enforce the provisions of the Forest Act [Chapter 19:05], Communal Land Forest Produce Act [Chapter 19:04] and any forest or land use rules and regulations made pursuant thereto or any other written law.

The report gives a description and explanation of the activities that were implemented by CONEX, R & T and Ngamo Safaris during the reporting period. The Audited Financial Statements are also attached at the end of the report.

2.0 Conservation and Extension Division

2.0 Conservation and Extension Division (CONEX) Division consists of two departments namely, the Forestry Extension Services Department headquartered in Harare and the Conservation Department headquartered in Bulawayo.

The CONEX Division's mandate is to manage gazetted state forests, provide forest extension services in communal areas and resettled areas, and to enforce forest regulations related to the use of forest resources, goods and services for environmental protection through building local forest governance, supporting community forest management and forest extension. The Division's main activities include but not limited to:

- Farmer training
- Tree seedling production,
- Tree planting and woodland management,
- Promotion of agroforestry, orchard establishment and apiary production,
- Issuance of licenses and permits to ensure sustainable forest produce utilization and prosecution of offenders in terms of S.I 116 of 2012, the Forest Act [Chapter 19:05], the Communal Land Forest Produce Act [Chapter 19:04] and a host of other related Statutory Instruments.,
- Preparation of and implementation of Forest Management Plans,
- Managing forest areas through anti-poaching activities, fire protection, regeneration and appropriate Silvicultural operations.
- Generating revenue from leases and concessions that include wildlife safaris and timber.





Plate 2.1: Launch of Tobacco Wood Energy Program (TWEP) at Mafukidze homestead, Hurungwe district, Mashonaland West

2.1 Major activities and key achievements of the CONEX Division

The major interventions that were undertaken during the period under review included but were not limited to tree seedling production and tree planting, beekeeping projects, anti-poaching patrols in the gazetted forests, forest resources regulation, nursery establishment, borehole drilling for water supply to seedlings and farmer training.

2.1.1 Tree Seedling Production and Tree Planting

A total of 20 687 503 tree seedlings were produced against an annual target of 25 200 000 while in tree planting, a total of 19 726 543 trees were planted out of an aggregate target of 25 000 000. The annual targets for both tree seedling production and tree planting were not achieved due to the non-disbursement of afforestation fund during the tree-planting period which was critical for operational activities in the main tobacco-growing provinces. This was coupled by mobility challenge of Field Officers to enable data collection and supervision of projects.

Both tree seedling production and tree planting were better in provinces with relatively high annual rainfall, namely; Mashonaland and Manicaland Provinces. Woodland management activities for conserving the forests that already exist is more prevalent in Midlands, Masvingo, Matabeleland North and Matabeleland South.



Table 1: Trees planted and seedlings produced in 2022.

Province	Number of Seedlings produced	Number of trees planted
Mashonaland Central	3 783 245	3 444 485
Mashonaland West	3 448 983	3 463 656
Mashonaland East	5 498 438	4 748 684
Manicaland	6 587 921	6 986 004
Midlands	682 074	485 679
Masvingo	223 120	260 204
Matabeleland North	71 155	13 045
Matabeleland South	392 567	324 786
Total	20 687 503	19 726 543

2.1.1.1 The National Tree Planting Day

The National Tree Planting Day (NTPD) was commemorated under the theme “*Trees and Forests for Ecosystem Restoration and Improved Livelihoods*” and the Tree of the Year (TOY) was *Szygium cordatum* and is commonly known as the Water berry tree, Mukute/Muisu in Shona or Umdoni/Imiswi in Ndebele. A total of 239 NTPD venues were commemorated against a target of 205, and 233 496 assorted trees were planted out of a target of 186 932. The over-achievement was attributed to increased awareness and collaborations through various stakeholders. The Presidential venue was Tsindi Secondary School, Makoni District, Manicaland Province and a total of 8 300 assorted trees were planted at the school. Her Excellency; the First Lady Dr. A. Mnangagwa launched the pre-NTPD campaign at Warikandwa Primary School, Chikomba District, Mashonaland East Province.



Plate 2.2: Warikandwa Primary School Pupils preparing to plant trees on site Chikomba District, Mashonaland East Province - First Lady NTPD Site





Plate 2.3: Headman Bwizi standing next to a tree he planted during NTPD commemoration in Marange area, Mutare District

2.1.2 Beekeeping projects.

Capacity-building workshops were conducted in communities that were empowered with hives by the Forestry Commission in Manicaland, Midlands and Matabeleland North Provinces. A total of 1,345 tonnes of honey was harvested during the year and part of it came from those hives.



Plate 2.4: A group of students and teachers during a demonstration on beekeeping skills training at Mary Mount Teachers College, Mutare, Manicaland Province.



2.1.3 Forest Resources Regulation

During the reporting period, illegal forest resource crimes were high in most of the timber poaching hot spot areas as witnessed by an upsurge number of cases referred for court processing for wrongful possession of charcoal, the high number of tickets paid to the Forestry Commission, logs of timber intercepted, arrests, vehicles impounded and firewood confiscated.

There was also rampant tree cutting in all the tobacco-growing regions and the reaction to the reports was low due to limited resource capacity which is a result of under-funding of the Forestry Commission for the operational activities. However, the organisation increased surveillance on the ground to curb illegal activities. It has emerged during the year that farmers were resorting to Miombo forest for charcoal making in areas close to the towns and operations were intensified targeting such hot spots.



Plate 2.5: Confiscation of charcoal in Muzarabani



Plate 2.6: Firewood blitz along Bulawayo -Victoria Falls Road

2.1.4 Human and Wildlife Conflict

There were reports of increased elephant populations and activity in the Masungamala area of Ngamo Forest and lions in the Tobotobo area bordering Bembesi Forest, but no incidents involving killing of either livestock or humans were reported. Two elephants were put down as “Problem Animal Control” for raiding crops. The second elephant was discovered after skins were rotten and only tusks were recovered. It had initially been wounded and lost.

A cow elephant was killed in self-defence by a hunting party in Gwampa Forest Reserve. A calf elephant was found wandering at Lupinyu shops by the Victoria Falls International Airport. It was rescued by Wild Is Life who arranged for its airlifting to Harare elephant nursery. It was thought to be a survivor from the 6 herd that was struck by lightning about 5 km from the shops. Among the dead elephants was a calf almost the same age as the one found at Lupinyu shops.

2.1.5 TWEP Update.

The project was funded by the Forestry Commission's resources as a result of a non-disbursement of the fund towards critical operations. Four boreholes were drilled in order to improve the water supply in the four provinces but the water reticulation process was not finalized due to inadequate financial resources. A total of 2 031 228 seedlings were planted under the project in which most of the seedlings were carried over from the previous season.



2.1.6 GEF6 Project

The Global Environment Facility (GEF) cycle number 6 project covers parts of Hurungwe 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 is one of the project implementing partners with the responsibility to cover the forestry-related aspects of the Project. One field trip was conducted to assess permanent forest monitoring plots that were established. The field trip was meant to validate the C02 calculations reported earlier in the Project Implementation Report (PIR). The amount of carbon dioxide sequestered is estimated at -629,654 tCO₂. Meetings to develop Integrated Landscape Management Plans (ILMPs) were held for Hurungwe, Mbire, and Muzarabani and Dande Safari area with a wide range of stakeholders. Mavhuradonha nursery borehole was drilled to 90m. Chitindiva, Mushumbi and Mavhuradonha boreholes were all equipped towards end of year. Eleven nursery signs were erected for Chitindiva, Mushumbi and Mavhuradonha nurseries to improve on signage. Thirty-two beds were constructed at Chitindiva Nursery in Hurungwe, sixteen on each side, and all were plastered. Mushumbi nursery bed construction was completed during the reporting period. A total of 358 754 seedlings were produced during the reporting period. Out of 358 754 seedlings produced, 187 363 seedlings were produced at Chitindiva and 171 391 seedlings at Mavhuradonha nurseries. Firefighting equipment commissioned during the year included 1008 fire beaters, 120 high pressure knapsacks (fire cans), 6 fire catchers and 6 fire blowers. These were commissioned during the National Fire Week launch press conference held at Forestry Commission Head Office in Harare on the 16th of May 2022 and was officiated by the Minister of Environment, Climate, Tourism and Hospitality Industry; Honourable Mangaliso Ndlovu.



Plate 2.7: Fire equipment commissioned by the Minister of Environment, Climate, Tourism & Hospitality Industry, Hon. Mangaliso Ndlovu.





Plate 2.8: Soil sample collection during permanent forest monitoring plots assessment in Hurungwe Ward 7



Plate 2.9: Nursery sign post mounted at Chitindiva nursery Hurungwe



2.1.7 Revenue generation

A total of USD1 004 053.00 and ZWL345 710 605.50 was generated as depicted in table below.

Table 2: Revenue Generating streams for CONEX

Revenue Stream	USD	ZWL
Leases	296 675	30 620 974.24
Regulation	180 927	179 576 404.83
Timber	48 597	78 166 703.00
Concession	4 320	15 513 764.00
Firewood	1 541	905 875.00
Seedlings	41 719	36 289 605.66
Honey	1 649	1 954 985.28
Gum poles	389	955 428.00
Miscellaneous	8 236	1 726 865.49
REDD+	420 000	-----
Total	1 004 053	345 710 605.50

2.1.8 Performance highlights of CONEX outcome indicators.

The table below shows the Outcome Performance Indicators which are under CONEX:

Table 3: Outcome Performance indicators under CONEX.

Performance Area	Measure ment Unit	2022 Annual Target	2022 Actual Performance	Comments
OUTCOMES				
Outcome 2: Improved forest management				
Outcome Indicator: Planted Area	Ha	15,000	12 313	Tree planting was still ongoing at the time of reporting and the country had started receiving effective rains hence more trees were expected to be planted. Most plantings were undertaken in areas where there was evidence of continuous moisture.
Outcome Indicator: Managed woodlands	Number	150	151	Distribution of woodlands was as follows during the time of reporting: Matabeleland North (3), Manicaland (37), Mashonaland Central (41), Mashonaland East (4), Mashonaland West (24), Midlands (18), Masvingo (16), and Matabeleland South (8). The over achievement was attributed to contribution from the Global Environment Facility (GEF) 6 project in the Zambezi Valley covering Mashonaland Central and Mashonaland West Provinces as well as My Trees Trust working in Mashonaland West and Manicaland District.

3.0 Research And Training Division

The R & T Division comprises of two wings, namely; the Research and Development wing and the Training wing. The Research and Development wing consists of two operational units which are the Plantation Forestry Research unit and the Social and Indigenous Research unit which are supported by a Technical Services unit. The R & T wing is headquartered at Forest Research Centre in Harare and comprises of the following research and satellite stations:

- i. John Meikle in Stapleford
- ii. Muguzo in Chimanimani
- iii. Chesa in Bulawayo
- iv. Mtao (Satellite station)
- v. Ngungunyani Satellite station and
- vi. Forest Research Centre in Harare.

The Training Colleges wing consists of two distinct colleges, namely; Zimbabwe College of Forestry (ZCF) and the Forest Industries Training Centre (FITC). ZCF offers training in forest management whereas FITC offers training in primary wood processing. Training is offered at both certificate and diploma levels at the aforementioned colleges. Among other courses offered, the college offers some short courses in Fire management, Chain saw training and nursery management.

3.1 Major activities and key achievements of the R & T Division

The major activities or programs that were undertaken during the reporting period included hosting the International Symposium on Forestry, drafting and submission of the Reducing Emissions from Deforestation and Forest Degradation (REDD+) project proposals, conducting forest resource inventories and plantation statistics survey; seed collection and processing; preparing for the establishment of the Innovation hub at the Colleges and holding the Graduation ceremony.

3.1.1 International Symposium on Forestry

An International Symposium on Forestry was held on the 5th of May at Cresta Lodge in Harare. Over 100 participants from 69 organizations including local and regional private companies in the forest sector; local, regional and international universities; regional forest research centres as well as local government departments and parastatals, attended the symposium virtually and in person. The Minister of Environment Climate Tourism and Hospitality industry (MECTHI), Honourable Mangaliso Ndlovu (MP), was the Guest of Honour, and the theme for the symposium was “Forest Restoration for Climate Change Mitigation and Adaptation”. Professors Sarah Feresu, Mandivamba Rukuni and Chief Ngungumbane were the Key Note speakers at the Symposium. A total of twenty-six students presented virtually and/or physically covering all the five thematic areas.



Plate 3.1: Participants following proceedings on the International Symposium of Forestry at Cresta Lodge in Harare.



3.1.2 Tenders awarded for the REDD+ projects

Two international companies namely; Invictus (Pvt) (Ltd) and Aither were awarded tenders for implementation of the Reducing Emissions from Deforestation and forest Degradation (REDD+) projects partnering with the Forestry Commission. The 30-year investment partnership for sustainable forest management will see the two aforementioned international companies jointly managing Mafungautsi, Ngamo, Sikumi and Gwaai forests with Forestry Commission and local communities for carbon credits. Under the partnership, FC was meant to benefit from an initial financial investment of US\$ 1, 650, 000 paid as commitment fees by Invictus and Aither, which payments were to be staggered.

3.1.3 Forest resources mapping and inventory

Processing of the 2020 Land Cover Map was completed. The map layouts for National, Provincial and Districts were printed and submitted to the Ministry of Environment, Climate, Tourism and Hospitality Industry and distributed to various Forestry Commission offices. Work on updating the old vegetation (floristic) map was conducted in collaboration with the University of Edinburgh and was completed in 2022.

3.1.4 Plantation Statistics survey

Results from a survey which was conducted for commercial and non-industrial plantations showed that 89 816ha is under plantation forestry in Zimbabwe. Of this total, 34% of the total plantation area was under state whilst 66% under private entities.

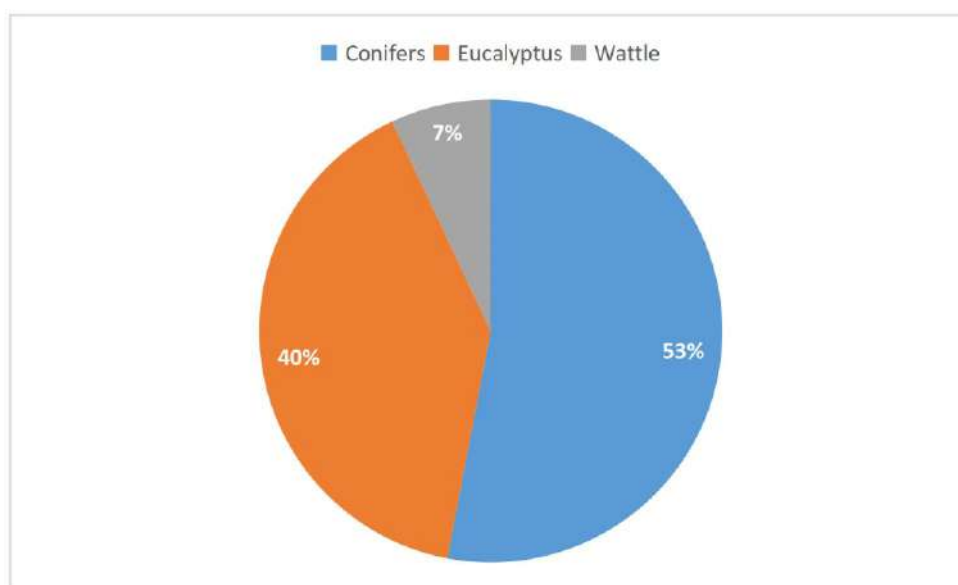


Fig 3.1: Composition of Plantation species

In terms of species composition, 53% of the total area planted consisted of conifers and was prevalently in Manicaland whereas 40% was under eucalyptus plantations and 7% under wattle plantations. There was an almost equal distribution of eucalyptus plantations among the three provinces of Manicaland (29%), Mashonaland East (21%) and Mashonaland West (25%). An insignificant portion of plantations also existed in Mashonaland Central and Midlands Provinces. The survey was administered to various companies under the Timber Producers Federation and other plantation owners countrywide which included Rural District Councils and privately owned plantations.

3.1.5 Publications

A commendable deliverable from the successful hosting of the International Symposium on Forestry was the publication of a book of abstracts which consists of 26 abstracts from various scholars. The online version of the book is readily accessible through the link below:

<https://drive.google.com/file/d/1rylWdUW-uWl8DoWbs9Ghr7VORLdiNotN/view?usp=sharing>

3.1.6 Preparations for the establishment of an Innovation hub at FITC and ZCF.

In pursuit of the Innovation hub project, the College renovated one of the buildings for use as an Innovation hub. Related purchases included a small mobile sawmill for practicals.





Plate 3.2: Zimbabwe College of Forestry Renovated Innovation hub

3.1.6.1 Graduation ceremony at FITC and ZCF.

The Graduation ceremony was successfully held on the 30th of June 2022 at FITC hall under the theme, “Transforming Lives through Forestry Training and Innovation”. Mr. M. Munodawafa, the Permanent Secretary in the MECTHI, was the Guest of Honour.



Plate 3.3: The Permanent Secretary in the Ministry of Environment, Climate, Tourism and Hospitality Industry, Mr. M. Munodawafa at FITC/ZCF 2022 Graduation

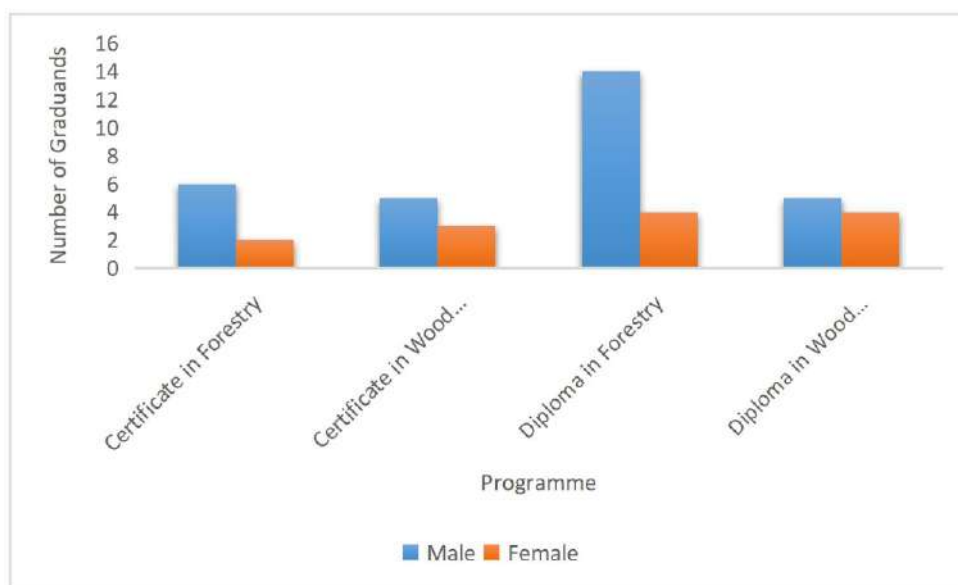


Fig 3.2: Number of graduands in 2022 at ZCF

A total of 43 students graduated; 30 were males and 13 were females. There were more numbers of males as compared to females in all the programmes.

3.2 Revenue generation

The Division generated USD 656, 596 and RTGS \$126,749,431.34. Revenue lines for the Division are shown in table below:

Revenue Stream	USD	ZWL
REDD+ partnerships	180,000	-----
Sale of Timber & logs	427,553	35,416,166.89
Sale of seed	27,029	15,404,377.00
Hiring College facilities (FITC)	---	65,665,596.41
Seedlings	14,611	7,235,377.55
Miscellaneous revenue	7,403	3,027,913.49
Total revenue	656,596	126,749,431.34

Table 4: Major revenue sources for R & T.

3.1 Performance highlights of R & T outcome indicators

The table below shows the Outcome Performance Matrix which are under R & T:



Table 5: Outcome Performance matrix under R & T.

Performance Area	Measurement Unit	2022 Annual Target	2022 Annual Achievement	Comments
OUTCOMES				
Outcome 4: Improved availability of forestry skilled personnel				
Outcome Indicator: Forestry Graduates	Number	45	49	Forty-three (43) students graduated from the certificate and diploma offered at Zimbabwe College of Forestry (ZCF). Six (6) students were drawn mainly from the short courses offered by the College in Fire management and Chain saw training.
Outcome 5: Improved provision of forest resource information and technologies				
Outcome Indicator: Scientific Publications	Number	5	6	Three (3) research articles were published for the International Symposium that was held together with some two (2) technical reports and one (1) Book of abstracts. Book of abstracts produced can be referred to a link below: https://drive.google.com/file/d/1rylWdUW-uWl8DoWbs9Ghr7VORLdiNotN/view?usp=sharing .
Outcome Indicator: Seed processed	Kgs	900	920	Market for seed sales remained both locally and internationally and the Forest Research Seed Centre was committed in achieving the targets to meet the market demand.
Outcome Indicator: Land Cover Maps	Number	1	1	Land Cover Map for period covering 2017-2020 was successfully produced and copies distributed to the MECTHI, all Forestry Commission Provincial and District offices.





Plate 4.1: Renovated chalets at Ganda Lodge.

Ngamo Safaris is a Business unit of the Forestry Commission which sustainably utilizes the organization's gazette forests in Matabeleland North through consumptive hunting safaris and non-consumptive photographic safaris. Ngamo Safaris is headquartered in Bulawayo. The hunting safari wing generated its revenue in USD while the photographic wing generated the ZWL. For the photographic safaris, the Forestry Commission administers Ganda Lodge in Sikumi Forest near Hwange.

4.1 Major activities and key achievements of Ngamo Safaris Business unit

All Ngamo Safaris operations are situated in the Forestry Commission's Gazetted forests of Matabeleland North Province and are split down as depicted in the table below:

Table 6: Ngamo Safaris non consumptive and consumptive activities

Ngamo Safaris activities	
Activity	Area
Hunting (Consumptive) wing	
Intundla hunting camp	Ngamo Forest in Lupane and Sikumi Forest in Hwange
Amandundumela hunting camp	Gwaai Forest in Lupane and Mbembesi Forest in Bubi
Kazuma hunting camp	Kazuma Forest in Hwange and Victoria Falls
Photographic (Non-consumptive) wing	
Ganda Lodge	Sikumi Forest in Hwange



4.1.2 Wildlife abundance and trends

In all the Ngamo Safaris hunting areas, there was an improvement in the movement of game. This could have been attributed to the water points that were 100% full in Ganda, Amandundumella, Intundla and Kazuma Forest during the reporting period. Out of the 22 boreholes reported, only one in Kazuma was dysfunctional and plans were underway during the reporting period to restore its functionality.

4.1.3 Photographic Safari Lodges

Five hundred and sixty-five (565) guests were hosted at Ganda Lodge in 2022, giving a total of 1098 bed nights against a budget of 1354. Of the 565 guests, 495 were locals, while 70 were internationals. The occupancy rate was 23% and the average daily rate was ZWL\$ 94 925.27. There was therefore need to support Ngamo Safaris to lure more international tourists through improving on facilities that needed sprucing up so that it becomes competent among other Lodges. A total profit of ZWL\$6,543,100.00 was posted by the Photographic Safari business during the reporting period.

4.1.4 Hunting (Consumptive) Safaris

A total of 34 hunts were conducted in all the Ngamo Safaris hunting areas in 2022 as compared to 28 hunts in 2021. There was a 21% increase in the number of hunts due a relief from the effects of the COVID 19 pandemic which brought a surge in tourism arrivals in the country during the reporting period. From a budget of USD1, 541,710 hunting revenue, actual revenue realized was USD621, 983.

Looking forward, Ngamo Safaris seized with a surge in the hunts during the reporting period compared to the previous year need to maintain the functionality of the boreholes and increase the water points where need be as this forms a key ingredient to increased diversity of wildlife. There was also a need to spruce up the Ganda Lodge to match the modern standards to widen the clientele base.

4.2 Revenue Generation at Ngamo Safaris

All the revenue generated by the hunting wing was in USD and was higher compared to the revenue generated by the Photographic Safaris as depicted in the table below:

Table 7: Targets and actual achievement of revenue generated at Ngamo Safaris

Revenue stream	Target for 2022		Revenue generated in 2022		Comments
	USD	ZWL	USD	ZWL	
Hunting Safaris conducted by Ngamo	1 541 710	-----	621 983	-----	
Photographic Safaris conducted by Ngamo	-----	36 150 000	-----	39 668 235	
Total	1 541 710	36 150 000	621 983	39 668 235	



5.0 Conclusion

Despite the poor financial position that Forestry Commission is seized with, the strategies employed managed to keep the organization afloat. A number of strides were registered in which the target was exceeded on the performance of most outcome indicators. These included outcome indicators on number of Forestry graduates, number of scientific publications produced, area placed under active management by the local authorities and number of woodlands/woodlots established. However, there was underachievement in some outcome indicators such digitalization of libraries and conducting of forest inventories. This was largely due to funding challenges for the above-mentioned activities.

Looking forward, the priorities are enhancing capacity for seed supplies to support the high demand from the plantation forestry industry and export market and persistently look for more funding to support the lagging activities. Establishment of the Monitoring and Evaluation system is of importance to support the organisation's data collection and the evaluation framework. It would be ideal to digitise the collection of data through use of Open Data Kit system which will require more investment on ICT equipment. Persistent intensification of forest extension activities, forest enforcement and regulation; and upscaling of tree planting activities will be pivoted through attracting more partnerships and stakeholder collaborations.



All communication should be addressed to:

The Auditor-General

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Website: www.auditorgeneral.gov.zw



OFFICE OF THE AUDITOR-GENERAL

5th Floor, Burroughs House,

48 George Silundika Avenue,

Harare

Ref: **SB73**

**REPORT OF THE AUDITOR GENERAL
TO
THE MINISTER OF ENVIRONMENT, TOURISM AND HOSPITALITY
AND
THE BOARD OF COMMISSIONERS
IN RESPECT OF THE FINANCIAL STATEMENTS OF THE
FORESTRY COMMISSION**

FOR THE YEAR ENDED DECEMBER 31, 2022

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the accompanying financial statements of Forestry Commission set out on pages 7 to 26, which comprise the statement of financial position as at December 31, 2022, 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 the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Forestry Commission as at December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).



**FORESTRY COMMISSION
AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Basis for Qualified Opinion

- i. **Non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standards (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors"**

Opening balances

The Commission did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", as the Commission had foreign currency denominated transactions and balances that were translated into ZWL\$ using the interbank exchange rates. These were not considered appropriate spot rates translations in line with the as requirements of by IAS 21 - "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of this matter and the misstatements on the opening balances in line with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", some comparative figures in the financial statements may be materially misstated.

In addition, the requirements of IAS 29 - "Financial Reporting in Hyperinflationary Economies" have been applied on the base numbers that did not comply with IAS 21 - "The Effects of Changes in Foreign Exchange rates". Had the correct base numbers been used, some elements of the financial statements would have been materially different.

- ii. **Non-compliance with International Accounting Standard (IAS) 36 - "Impairment of Assets" and International Accounting Standard (IAS) 16 - "Property, Plant and Equipment"**

The Commission did not review the useful lives of its assets in line with IAS 16 – "Property, plant and equipment" paragraph 51 which requires that the residual value and the useful life of an asset be reviewed annually. In addition, the Commission did not carry out an impairment assessment for its assets in line with IAS 36 – "Impairment of Assets" paragraph 9 which requires an assessment to be done at the end of each reporting period for any indications of impairment. As a result, property, plant and equipment with a carrying amount of ZWL\$249 million may be misstated in the financial statements. I could not therefore determine the extent of misstatement and the necessary adjustments.

- iii. **Valuation and recognition of Library books**

The Commission did not recognize library books as property, plant and equipment in the financial statements. This was contrary to IAS 16 – "Property, plant and equipment" paragraph 7, which requires items that meet the recognition criteria for an asset to be classified as property, plant and equipment to be capitalized. I could not therefore determine the extent of misstatement and the adjustments necessary.

- iv. **Non-compliance with International Accounting Standard (IAS) 16 - "Property, Plant and Equipment"**

The Commission did not separate land from land and buildings with a carrying amount of ZWL\$21



**FORESTRY COMMISSION
AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

million in the financial statements, therefore land was depreciated as part of land and buildings. This was contrary to IAS 16 – "Property, plant and equipment," paragraph 58 which requires land not to be depreciated and be accounted for separately from buildings even if they were acquired together. I could not therefore determine the extent of misstatement and the necessary adjustments.

Report on going concern

I draw your attention to the fact that the Commission's current liabilities exceeded its current assets by ZWL\$180 million. This condition indicates that a material uncertainty exists, that may cast significant doubt on the Commission's ability to continue as a going concern. My opinion is not modified in respect of this matter.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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, 2022. 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. In addition, to the matters described in the Basis for Qualified Opinion section, I have determined the matter described below to be the key audit matter to be communicated in my report.

Key Audit Matter	How my audit addressed the Key Audit Matter
Revenue recognition Refer to note 12.1 to the financial statements. The Commission recognized revenue amounting to ZWL \$6.2 billion for the year ended December 31, 2022. This was comprised of several revenue streams such as sale of timber, camp leases, fees, trophy hunts and regulatory activities. Given the Commission's various revenue streams and various methods	The audit procedures that I performed to address the risk of material misstatement relating to revenue recognition included but were not limited to the following; - Reviewed the appropriateness of revenue recognition criteria applied with reference to the requirements of International Financial Reporting Standards (IFRS) 15 - "Revenue from contracts with customers". - Re-computed and analysed revenue streams and the collections against targets and tariffs. - Tested the design, existence and operating effectiveness of internal controls implemented as well



**FORESTRY COMMISSION
AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

of payments, there is a presumed risk of fraud with regard to revenue recognition as guided by International Standard on Auditing (ISA 240 revised). I therefore considered revenue recognition to be a key audit matter.	as test of details to ensure accurate processing of revenue transactions. • Reviewed the key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • Performed substantive analytical procedures on revenue and scrutinised journals related to revenue to assess the timing and fair values of revenue recorded. • Performed cut off tests on the year-end balances to determine whether revenue had been recorded in the correct period and also the accuracy and completeness of revenue. I found management's revenue recognition criteria appropriate.
---	---

Other Information

Those Charged with Governance are responsible for the other Information. The other Information comprises all the information in the Forestry Commission's 2022 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 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 the 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 and Those Charged with Governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) 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.



FORESTRY COMMISSION
AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Auditor's Responsibility 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.

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



FORESTRY COMMISSION
AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

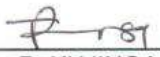
relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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, 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.

28 June, 2024.



R. KUJINGA,
ACTING AUDITOR – GENERAL.



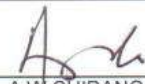
FORESTRY COMMISSION

STATEMENT OF FINANCIAL POSITION

as at December 31, 2022

	Note	Inflation Adjusted		Historical Cost	
		2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
Non-current assets		249 261 620	361 127 210	104 471 637	98 980 511
Property, plant and equipment	4	249 261 620	361 127 210	104 471 637	98 980 511
Current assets		1 676 470 244	534 322 730	1 491 010 125	160 954 299
Inventories	5	191 410 461	131 966 122	102 735 715	36 157 055
Trade and other receivables	6	1 023 158 963	257 101 803	1 023 158 963	84 984 695
Prepayments	7	208 917 802	-	112 132 429	-
Cash and cash equivalents	8	252 983 018	145 254 805	252 983 018	39 812 549
TOTAL ASSETS		1 925 731 864	895 449 940	1 595 481 762	259 934 810
RESERVES AND LIABILITIES					
Reserves		254 971 355	(31 593 012)	(75 243 708)	(136 292 306)
Non distributable reserve		54 560 914	54 560 914	8 398 862	8 398 861
Accumulated fund		200 410 441	(86 153 926)	(83 642 570)	(144 691 167)
		39 592	48 269	4 553	13 230
Deferred income	9	39 592	48 269	4 553	13 230
Current liabilities		1 670 720 917	926 994 683	1 670 720 917	396 213 886
Trade and other payables	10	1 537 012 833	827 533 514	1 537 012 833	368 952 806
Provisions	11	133 708 084	99 461 169	133 708 084	27 261 080
TOTAL RESERVES AND LIABILITIES		1 925 731 864	895 449 940	1 595 481 762	259 934 810

19/06/ ,2024.


A.W. CHIRANGANDE,
(FINANCE MANAGER).
(ACGP, MBA, R.P. Acc(Z)).

19/06 ,2024.


S. ZINGWENA,
(ACTING DIRECTOR GENERAL).

19/6/ ,2024.


PROFESSOR M. SHOKO,
(ACTING CHAIRPERSON).



FORESTRY COMMISSION
STATEMENT OF PROFIT OF LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2022

	Note	Inflation Adjusted		Historical Cost	
		2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
Income		7 710 251 755	3 216 521 555	4 138 326 570	671 522 312
Income	12.1	6 217 946 823	2 931 560 237	3 337 357 893	612 028 246
Amortised grant	9	8677	31658	8677	8677
Other Income	12.2	-	103 794 422	-	21 669 389
Government grant	12.3	1 492 296 255	181 135 238	800 960 000	37 816 000
Expenditure		(7 423 687 388)	(4 643 546 951)	(4 080 024 750)	(969 431 227)
Administrative expenses	13	(3 395 940 624)	(3 128 512 439)	(1 918 212 686)	(653 134 156)
Employment costs	14	(4 027 746 764)	(1 515 034 512)	(2 161 812 064)	(316 297 071)
Surplus/(deficit) for the year		286 564 367	(1 427 025 396)	58 301 820	(297 908 915)
Total comprehensive surplus/(deficit) for the year		286 564 367	(1 427 025 396)	58 301 820	(297 908 915)



FORESTRY COMMISSION

STATEMENT OF CHANGES IN RESERVES

for the year ended December 31, 2022

	Inflation Adjusted			Historical cost		
	Non-Distributable Reserve ZWL\$	Accumulated Fund ZWL\$	Total ZWL\$	Non-Distributable Reserve ZWL\$	Accumulated Fund ZWL\$	Total ZWL\$
Balance as at January 1, 2021	54 560 914	263 242 145	317 803 059	8 398 862	153 217 747	161 616 609
Comprehensive surplus/(deficit) for the year	-	(349 396 071)	(349 396 071)	-	(297 908 915)	(297 908 915)
Balance as at December 31, 2021	54 560 914	(86 153 926)	(31 593 012)	8 398 862	(144 691 168)	(136 292 306)
Balance as at January 1, 2022	54 560 914	(86 153 926)	(38 325 225)	8 398 862	(141 944 390)	(133 545 528)
Comprehensive surplus for the year		286 564 367	286 564 367		58 301 820	58 301 820
Balance as at December 31, 2022	54 560 914	200 410 441	254 971 355	8 398 862	(83 642 570)	(75 243 708)



FORESTRY COMMISSION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2022

	Note	Inflation Adjusted		Historical Cost	
		2022 ZWLS	2021 ZWLS	2022 ZWLS	2021 ZWLS
Cash flows from operating activities		514 067 972	(210 462 301)	295 865 963	(28 006 931)
Operating surplus/deficit for the year		286 564 367	(1 427 025 396)	58 301 820	(295 162 137)
Adjustments for non cash items		343 525 785	215 193 760	199 995 548	(7 307 769)
Allowance for credit losses		129 516 433	-	85 134 353	-
Leave pay provision		198 325 094	198 325 094	106 447 005	(10 827 343)
Amortisation of capital grant		(8 677)	(31 658)	(8 677)	(8 677)
Depreciation charge on property, plant and equipment	4	15 692 935	16 900 324	8 422 867	3 528 251
Operating loss before working capital changes		630 090 152	(1 211 831 636)	258 297 368	(302 469 907)
Changes in Working Capital		(116 022 180)	1 001 369 335	37 568 595	274 462 975
Increase in trade and other receivables		(766 057 160)	(40 800 910)	(1 063 912 773)	(11 183 026)
Increase in inventories		(59 444 339)	(94 678 084)	(66 578 660)	(25 950 094)
Increase in trade and other payables		709 479 319	1 136 848 329	1 168 060 028	311 596 095
Cash flows from investing activities		(154 774 438)	(244 696 022)	(82 695 494)	(72 350 607)
Acquisition of property, plant and equipment		(154 774 438)	(325 571 933)	(82 695 494)	(89 235 248)
Proceeds from disposal of non-current assets		-	80 875 910	-	16 884 641
Net (decrease)/ increase in cash and cash equivalents		359 293 533	(455 158 324)	213 170 469	(100 357 539)
Cash and cash equivalents at the beginning of year		145 254 805	140 170 088	39 812 549	140 170 088
Effects of inflation		(251 565 320)	460 243 041	-	-
Cash and cash equivalents at the end of year	8	252 983 018	145 254 805	252 983 018	39 812 549



FORESTRY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2022

1. NATURE OF BUSINESS

The Forestry Commission (also hereinafter called 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) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretation Committee (IFRIC), the Forest Act Chapter [Chapter 19.05] as well as the Public Finance Management Act [Chapter 22:19]. While full compliance has been possible in the previous periods only partial compliance have been achieved for 2022 because it has not been possible to comply with some aspects relating to International Accounting Standard (IAS) 21 - "The effects of Changes in Foreign Exchange Rates". SI 33 has precluded the Commission from applying an independent assessment of functional currency as provided for under IAS 21.

2.2 Basis of measurement

The annual financial statements are prepared on the basis of statutory records that are maintained under historical basis and adjusted to consider the effects of inflation for in accordance with International Standard 29 (IAS 29) – "Financial Reporting in Hyperinflationary Economies".

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 - "Financial Reporting in Hyperinflationary Economies".

The restatement was calculated by means of conversion factors derived from Zimbabwe Total Consumption Poverty Lines (TCPL) issued by the Zimbabwe Central Statistical Office. The TCPL measures the amount required to purchase both food and non- food items can also be used for restatement in the absence of CPI as the two are strongly co-related. The TCPL indices and conversion factors used to restate the accompanying financial statements at December 31, 2022 are as follows:

Date	TCPL	Conversion Factor
TCPL as at 31 December 2022	29,219.01	1.00
TCPL as at 31 December 2021	8008.57	3.65
TCPL as at 31 December 2021	4670.04	6.26



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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

2.3 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:

2.3.1 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

2.3.2 Impairment

Impairment loss occurs when fair value of an asset is less than the carrying amount. During the period under review, bulk of the Commission's assets were fully depreciated and as a result no impairment test on the assets was conducted.

2.3.3 Going concern

Management assesses the ability of the Commission to continue operating in the foreseeable future at each reporting date.



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2.4.1 New standards, interpretations and amendments adopted effective from 1 January 2022

In the current year the Commission has applied new and several amendments to IFRSs issued by the International Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2022.

a) Amendments to International Auditing Standards (IAS) 16 – “Property, Plant and Equipment” on proceeds before intended Use (Effective 1 January 2022)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with International Accounting Standard (IAS) 2 – “Inventories”. The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’.

IAS 16 – “Property, Plant and Equipment” now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

b) Amendments to International Auditing Standards (IAS) - 37 “Provisions, Contingent Liabilities and Contingent Assets” (Effective 1 January 2022)

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation





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charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

c) Amendments to International Financial Reporting Standard (IFRS) 3 – “Reference to the conceptual framework” (Effective 1 January 2022)

The amendments update International Financial Reporting Standard 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to International Financial Reporting Standard 3 a requirement that, for obligations within the scope of International Accounting Standard 37, an acquirer applies International Accounting Standard (IAS) 37 – “Provisions, Contingent Liabilities and Contingent Assets” to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

d) Amendments to International Financial Reporting Standards (IFRS) 9- “Financial Instruments” (Effective 1 January 2022)

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9 – “Financial Instruments”. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.



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e) Amendments to International Accounting Standard (IAS) 41 – “Agriculture” (Effective 1 January 2022)

The standard has been amended to align the requirements for measuring fair value with those of International Financial Reporting Standard (IFRS) 13 – “Fair value measurement”. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

2.5.2 New standards, interpretations and amendments not yet effective.

The Commission has not applied the following new and revised International Financial Reporting Standards that have been issued but are not yet effective:

a) Amendments to International Accounting Standard (IAS) 1 – “Presentation of Financial Statements” – Classification of liabilities as current and non-current (Effective 1 January 2023)

The narrow-scope amendments to IAS 1 – “Presentation of Financial Statements” clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 – “Presentation of Financial Statements” means when it refers to the ‘settlement’ of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management’s intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in International Accounting Standards (IAS) 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”. In July 2022, the Board agreed to publish an exposure draft in the fourth quarter of 2022 that would modify the requirements introduced by these amendments.

b) Amendments to International Accounting Standard (IAS) 1 – “Presentation of financial statements” – Making materiality judgements (Effective 1 January 2024)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.



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c) Amendments to International Accounting Standard (IAS) 8 - "Accounting policies, accounting estimates and prior period errors" – Definition of accounting estimates (Effective 1 January 2023)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

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 RBZ Auction exchange rate gazetted weekly and 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:

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





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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.

3.2.4 Impairment

At each statement of financial position date, the Commission reviews the carrying amount of its assets to determine whether there is an indication that those assets suffered any impairment. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). If the recoverable amount of an assets is estimated to be less than the carrying amount, the carrying amount of the assets is reduced to its recoverable amount.

Impairment is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case is treated as a revaluation decrease.

In the event that, in the subsequent period, an asset that has been subject to an impairment loss is no longer considered to be impaired, the value is restored and the gain is recognized in the statement of comprehensive income. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place. During the period under review, bulk of the Commission's assets were fully depreciated and as a result no impairment tests were conducted.

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. The Commission's Leases arrangement treatment differ depending on the asset being leased. Land is treated under finance lease and Buildings treated under operating leases.



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3.4 Inventory

Inventories comprise timber, seedlings, consumables, spares and fuel and are valued at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Average cost was applied in valuation of the inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

3.5 Revenue recognition

Revenue comprises of the fair value of sale of goods and services, and other biological assets net of value added tax and other discounts.

3.5.1 Performance obligations and timing of revenue recognition

The majority of the Commission's revenue is derived from selling goods and/provision of services with revenue recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes. Once physical delivery of the products to the agreed location has occurred, the Commission no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Some of the contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognized even though the Commission still has physical possession only if:

- the arrangement is substantive (i.e., a contract has been drafted);
- the products have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Commission does not have the ability to use the product to direct it to another customer.

3.5.2 Determining the transaction price

Forestry Commission's revenue is mainly derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows:

- Accommodation contracts provide customers with a limited right cancellation. These relate predominantly, but not exclusively, to online booking sales direct to consumers. Historical experience enables the Commission to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognized such that it is highly probable that there will not be a reversal of previously recognized revenue when goods are returned.
- For other customers, the Commission accepts orders and is paid up in advance of providing the service/delivering the products. The Commission measures the amount of revenue to recognize on



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delivery of the goods/provision of services by calculating a financing component at the interest rate that would have applied had the Commission borrowed the funds from its customer.

- Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognized when the amount of volume rebates has been determined.

3.5.3 Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with discounts given for a certain number of days requested at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Commission is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

3.6 Financial instruments

Financial instruments are contracts that give rise to financial assets or financial liabilities. Financial assets and financial liabilities are recognized on the Commission's statement of financial position when it 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. These instruments are recognized initially at fair value plus any directly attributable transaction costs.

3.6.1 Recognition

Financial assets and liabilities are initially recognised at the trade date and are initially measured at fair value.

3.6.2 Financial assets

The Commission classified all its financial assets based on the business managing the assets and the asset's contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through Profit and Loss (FVPL)



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Financial assets at FVPL	These assets are subsequently measured at fair value. Net gains and losses are recognised in profit or loss. Trade receivables from customers constitute this category.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Loans extended to staff members form part of this.
Financial assets at FVOCI	These assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling of the financial asset.

3.6.2.1 Loans and receivables

Loans 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. 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 or loss.

3.6.2.2 Allowance for expected credit losses

The major impact of the application of International Financial Reporting Standard (IFRS 9) – “Financial Instruments” is on trade and other receivables. IFRS 9 - “Financial Instruments” 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. 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.



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3.6.2.3 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.

3.7 Financial Liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or financial asset to another entity or to exchange financial assets with another entity under conditions that are potentially unfavorable to the Commission.

3.8 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.

3.9 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.



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4 Property, Plant and Equipment

INFLATION ADJUSTED

	Roads and communication		Plant and machinery		Motor vehicles		Furniture and equipment		Computer equipment		Work in progress		Total Dec-2022	Total Dec-2021
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Buildings														
Opening carrying amount	18 271 968	420 300	7 321 110	65 992 618	1 380 822	16 793 298	250 947 094	361 127 710	127 269 956					
Gross carrying amount	31 202 172	920 826	10 029 740	81 551 620	2 305 166	20 235 728	250 947 094	387 192 346	183 571 671					
Accumulated depreciation	(12 930 204)	(500 526)	(2 708 630)	(15 559 002)	(824 345)	(3 442 430)	-	(36 065 137)	(56 301 716)					
Additions at cost	3 539 902	4 861 043	36 448 704	2 311 965	28 900 103	78 712 721	-	154 774 438	325 571 933					
Reclassification of work in progress to prepayments	-	-	-	-	-	-	(250 947 094)	(250 947 094)	-					
Depreciation charge for the year	(966 191)	(142 315)	(1 745 267)	(8 118 491)	(1 678 821)	(3 041 850)	-	(15 692 935)	(16 900 324)					
Closing carrying amount	20 845 680	5 139 028	42 024 548	60 186 092	28 602 105	92 464 168	-	249 261 620	361 127 210					
Gross carrying amount	34 742 074	5 781 869	46 476 445	83 863 585	31 205 271	98 948 449	-	301 019 692	397 192 348					
Accumulated depreciation	(13 896 394)	(642 841)	(4 453 897)	(23 677 493)	(2 603 166)	(6 484 281)	-	(51 758 072)	(36 065 137)					

HISTORICAL COST

	Roads and communication		Plant and machinery		Motor vehicles		Furniture and equipment		Computer equipment		Work in progress		Total Dec-2022	Total Dec-2021
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Buildings														
Opening carrying amount	5 008 121	115 199	2 006 626	18 087 762	378 466	4 602 836	68 781 501	98 980 511	18 043 568					
Gross carrying amount	8 552 130	252 387	2 749 028	22 352 293	631 818	5 546 363	68 781 501	108 865 520	26 025 671					
Accumulated depreciation	(3 544 009)	(137 186)	(742 402)	(4 264 530)	(253 352)	(943 528)	-	(9 885 009)	(7 982 113)					
Additions at cost	1 899 971	2 609 067	19 563 109	864 328	15 511 549	42 247 470	-	82 695 494	89 235 248					
Reclassification of work in progress to prepayments	-	-	-	-	-	-	(68 781 501)	(68 781 501)	-					
Disposals														
Cost	-	-	-	-	-	-	-	-	(1 625 354)					
Accumulated depreciation	-	-	-	-	-	-	-	-	1 625 354					
Depreciation charge for the year	(518 583)	(76 385)	(936 737)	(4 357 437)	(901 073)	(1 632 652)	-	(8 422 867)	(3 528 251)					
Closing carrying amount	6 389 509	2 647 881	20 632 998	14 594 653	30 500 491	45 217 654	-	104 471 637	98 980 511					
Gross carrying amount	10 452 101	2 861 454	22 312 137	23 216 821	31 654 916	47 793 833	-	122 779 513	108 865 520					
Accumulated depreciation	(4 062 593)	(213 573)	(1 679 139)	(8 621 967)	(1 154 425)	(2 576 180)	-	(18 307 876)	(9 885 009)					



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	Inflation Adjusted		Historical Cost	
	2022	2021	2022	2021
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
5 Inventories				
Consumables	34 909 972	14 539 105	18 737 225	3 984 989
Timber	156 500 489	117 427 017	83 998 490	32 172 066
	191 410 461	131 966 122	102 735 715	36 157 055
6 Trade and other receivables				
Trade Receivables	1 182 902 522	434 130 273	1 182 902 522	118 989 749
Allowances for credit losses	(169 448 624)	(191 271 604)	(169 448 624)	(37 908 922)
Other receivables	9 705 065	14 243 134	9 705 065	3 903 867
Total trade and other receivables	1 023 158 963	257 101 803	1 023 158 963	84 984 695
7 Prepayments				
Motor vehicle purchase	128 149 191		68 781 501	
Utilities and other	80 768 611		43 350 928	
	208 917 802		112 132 429	
8 Cash and cash equivalents				
Bank balances	249 822 854	144 396 697	249 822 854	39 577 352
Cash on hand	3 160 164	858 108	3 160 164	235 197
	252 983 018	145 254 805	252 983 018	39 812 549
9 DEFERRED INCOME				
Opening balance of the capital grant	48 269	79 927	13 230	21 907
Amortised during the year	(8 677)	(31 658)	(8 677)	(8 677)
	39 592	48 269	4 553	13 230
10 TRADE AND OTHER PAYABLES				
Trade payables	719 856 258	171 408 519	719 856 258	46 980 960
Hunting deposits-Ngamo & CONEX	231 197 089	47 370 462	231 197 089	12 983 659
Other payables	585 959 486	608 754 533	585 959 486	308 988 187
	1 537 012 833	827 533 514	1 537 012 833	368 952 806
11 PROVISIONS				
Leave pay	133 708 084	99 461 169	133 708 084	27 261 079
	133 708 084	99 461 169	133 708 084	27 261 079
12.1 INCOME				
Income for the year generated from the following divisions:				
Head Office	1 850 915 760	831 001 565	993 441 806	173 490 015
Ngamo safaris	550 325 419	397 233 279	295 376 100	82 931 261
Protection and management of indigenous forests	1 811 996 317	686 835 593	972 552 578	143 392 170
Research and development	926 772 794	380 734 833	497 426 656	79 486 844
Rural afforestation	697 060 910	454 907 282	374 133 423	94 971 989
Training colleges	380 875 623	180 847 685	204 427 330	37 755 967
	6 217 946 823	2 931 560 237	3 337 357 893	612 028 246
12.2 Other income				
Profit from sale of Non Current Asset	-	103 794 422	-	21 669 389
12.3 Government Grant(Recurrent)	1 492 296 255	181 135 238	800 960 000	37 816 000
12.4 Allied Timbers	951 460 769	-	510 677 431	-



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	Inflation Adjusted		Historical Cost	
	2022 ZWLS	2021 ZWLS	2 022 ZWLS	2021 ZWLS
13 Administration expenses				
Advertising and publicity	55 368 668	8 883 027	29 768 101	1 854 529
Audit fees	282 917 162	1 457 050 576	152 106 001	304 185 924
Bank charges	159 559 948	60 885 318	85 784 918	12 710 922
Board expenses	15 460 452	7 670 464	8 312 071	1 601 349
Staff canteen expenses	89 703 237	20 408 105	48 227 547	4 260 565
Computer expenses	53 683 469	23 049 792	28 862 080	4 812 065
Contract hunters pay	6 828 279	-	3 671 118	-
Depreciation	15 692 935	16 900 324	8 422 867	3 528 251
Electricity, rates and water	318 244 415	158 825 289	171 099 148	33 157 680
Depots expenses	181 156 681	123 327 570	97 396 065	25 746 883
Field operations	639 911 532	165 970 646	344 038 458	34 649 404
Food and groceries for clients	18 005 966	15 883 715	9 680 627	3 316 016
Graduation expenses - Colleges	5 749 290	1 804 589	3 091 016	376 741
House keeping-Colleges	19 803 431	-	10 647 006	-
Insurance costs	17 672 488	3 756 783	9 501 338	784 297
Legal and professional fees	1 714 671	3 198 698	921 866	667 787
Liquor and minerals Ngamo Safaris	1 192 145	1 410 836	640 938	294 538
Maintenance of plant and machinery	79 434 750	54 816 257	42 706 855	11 443 895
Allowance for credit losses	129 516 433	181 583 741	129 516 433	37 908 923
Office expenses	406 516	3 292 420	218 557	687 353
Other overheads	24 898 343	41 017 783	13 386 206	8 563 212
Safari expenses	2 363 692	7 144 620	1 270 802	1 491 570
Postage and carriage	7 299 295	4 094 742	3 924 352	854 852
Printing and stationery	12 213 211	11 347 355	6 566 243	2 368 968
Protective clothing	28 262 821	13 864 967	15 195 065	2 894 565
Research and development costs	14 573 905	-	7 835 433	-
Regulatory and compliance costs	6 675 760	1 270 897	3 589 118	265 323
Seminars and conferences	33 377 475	22 300 374	17 944 879	4 655 610
Subscriptions	11 484 078	4 158 565	6 174 236	868 176
Subsistence and travel	229 053 226	59 694 219	123 146 896	12 462 259
Telephone	54 022 631	40 960 973	29 044 425	8 551 351
Vehicle and equipment expenses	388 502 679	215 602 796	208 872 408	45 011 022
TWEP (Tobacco Wood Energy Programme) expenditure	199 864 978	344 522 896	107 454 289	71 925 448
Exchange loss	291 326 060	53 814 103	189 195 324	11 234 677
	3 395 940 624	3 128 512 439	1 918 212 686	653 134 156
14 EMPLOYMENT COSTS				
Bonus	639 004 183	78 562 868	342 972 643	16 401 742
Salaries and wages	2 705 167 510	1 394 283 276	1 451 944 251	291 087 571
Educational training expenses	18 149 657	3 054 276	9 741 463	637 648
Staff training	7 732 427	1 282 057	4 150 224	267 658
Leave pay provision	198 325 094	-	106 447 005	-
Staff transport and welfare	459 367 893	37 852 034	246 556 477	7 902 452
	4 027 746 764	1 515 034 512	2 161 812 064	316 297 071



FORESTRY COMMISSION
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for the year end December 31, 2022

	Inflation Adjusted		Historical Cost	
	2022	2021	2022	2021
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
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	5 388 206	7 460 117	2 896 885	1 557 465
Deputy General Manager - Conex	4 337 345	6 005 172	2 331 906	1 253 713
Deputy General Manager - Research and Training	4 093 170	5 667 105	2 200 629	1 183 134
Finance Manager	3 012 066	4 170 287	1 619 390	870 640
Corporate Planning Manager	2 862 293	3 962 922	1 538 867	827 348
Human Resources Manager	2 968 797	4 110 380	1 596 127	858 133
Principal Colleges	2 660 356	3 683 335	1 430 299	768 978
Chief Conservator of Forests	2 612 354	3 616 875	1 404 492	755 103
Manager Ngamo Safaris	2 923 594	4 047 795	1 571 825	845 067
Totals	30 858 182	42 723 991	16 590 421	8 919 581

15.2 Non Executive Directors

Allowances for non executive directors for the year ended December 31, 2022 were as follows:

	Inflation Adjusted 2022		Historical Cost 2022	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Board fees	Other Benefits	Board fees	Other Benefits
Board Chairperson	225 387	187 823	121 176	100 980
Vice Board Chairperson	138 205	115 171	74 304	61 920
Commissioners	843 669	703 057	453 586	377 987
Totals	1 207 262	1 006 051	649 066	540 887

Allowances for non executive directors for the year ended December 31, 2021 were as follows:

	Inflation Adjusted 2021		Historical Cost 2021	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Board fees	Other Benefits	Board fees	Other Benefits
Board Chairperson	125 215	357 535	67 320	192 223
Vice Board Chairperson	76 781	297 946	41 280	160 186
Commissioners	468 705	2 085 616	251 992	1 121 299
Totals	670 701	2 741 097	360 592	1 473 708



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		Inflation Adjusted		Historical Cost	
		2022	2021	2022	2021
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
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:					
16.1	Public Service Pension Fund	148 778 024	53 344 352	79 853 612	11 136 817
		<u>148 778 024</u>	<u>53 344 352</u>	<u>79 853 612</u>	<u>11 136 817</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.

16.2 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. With effect from 1 June 2020 both the company and its employees contribute as follows up from 3.5%:

Employees: 4.5% of pensionable emoluments.
Employer: 4.5% of pensionable emoluments.

17 Going concern

The Commission had a surplus of ZWL\$ 287 million for the year ended December 31, 2022 (2021 deficit: ZWL\$378 million). In addition, the Commission current liabilities exceeded current assets by ZWL\$180 million (2021: ZWL\$222 million). However, the Commission has also started receiving funding support from Treasury in form of grants for recurrent expenditure and is in turnaround as they had a surplus for the year ended December 31, 2022.



FORESTRY COMMISSION



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