

CHINHOYI UNIVERSITY OF TECHNOLOGY

BUSINESS:

Chinhoyi University of Technology was established by an Act of Parliament, Chinhoyi University of Technology Act (Chapter 25:23) on 10 August 2001. The University's principal activities include the advancement of knowledge, the diffusion and extension of arts, science and learning, the preservation, dissemination and enhancement of knowledge that is relevant for the development of the people of Zimbabwe through teaching and research and, so far as is consistent with those objectives, the nurturing of the intellectual, aesthetic, social and moral growth of the students at the University.

COUNCILLORS	Dr Obadiah Moyo (Chairman) Ms T Chirau (Vice Chairperson) Prof D J Simbi (Vice Chancellor) Prof Z Muranda (Pro Vice Chancellor) Prof J Nyamangara (Pro Vice Chancellor) Dr T.B Bhebhe (Secretary) Eng P Mazwazwa Mr H Matemera Mrs LE Murefu Mrs P T Kavayi	Mr G Gore Mr S Dadi Mr B Mukwende Mr W Mutikani Mr M.D.S Kaitano Mr D Utete Dr H Z Marowa Ms D Atukwa Mr K Shamuyarira Dr T Muzuva	Mr C Mugaga Mrs. T Mutaviri Eng E Mukahadira Mr I Kwesu Dr G Nehanda Mr L Chasakara Mrs M Mbira-Harry Mr M Mutsvairo Dr T D Mutungamiri Mr B K Chafesuka
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BURSAR: Dr O Sifile

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CHINHOYI

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

MAIN BANKERS	CBZ Bank Limited 10 Magamba Way P.O Box 500 CHINHOYI	ZB Bank Corporation 47 Magamba Way P.O Box 399 CHINHOYI
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ATTORNEYS Ziumbe and Mutambanengwe Legal Practitioners
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COUNCIL'S RESPONSIBILITY STATEMENT

Council is required by the Chinhoyi University of Technology Act (Chapter 25:23) to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the University as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

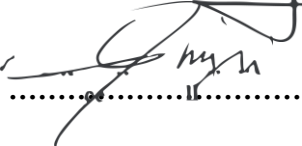
The Council acknowledges that they are responsible for the other information in the Annual Report. The other information includes the Audit Committee's report. Other information does not include the financial statements and the auditor's report.

The external auditors are responsible for independently auditing and reporting on the University's financial statements. The financial statements and related notes have been examined by the University's external auditors and their report is presented on pages 2 to 5.

These financial statements were prepared under the supervision of Dr O. Sifile, PHD in Accounting and an Associate of the Institute of Chartered Secretaries and Administrators of Zimbabwe.

The financial statements and the related notes set out on pages 6 to 31, which have been prepared on the going concern basis, were approved by Council and were signed on its behalf by:


..... (Council Chairman)


..... (Vice Chancellor)

30 May 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHINHOYI UNIVERSITY OF TECHNOLOGY

We have audited the financial statements of Chinhoyi University of Technology (“the University”), set out on pages 6 to 31, and comprising the following:

- The statement of financial position as at 31 December 2017;
- The statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year ended 31 December 2017;
- A summary of the significant accounting policies applied by the University during the year ended 31 December 2017; and
- Related financial statements notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the Institute of Chartered Accountants of Zimbabwe (“ICAZ”) Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Going Concern

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

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

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<i>Valuation and existence of property plant and equipment (“PPE”)</i>	
<p>PPE is the most significant line item on the University’s statement of financial position as it constitutes 94% of the University’s total assets. As at 31 December 2017 the carrying amount of PPE was US\$40 263 733. The determination of useful lives, residual values and impairment losses are significant estimates in nature.</p> <p>The materiality of PPE resulted in us considering this to be a key audit matter.</p>	<p>Our audit approach was focused on verifying the existence and valuation of PPE through the following procedures, amongst others:</p> <ul style="list-style-type: none"> • We reviewed the opening balances of assets and verified whether they were accurately brought forward from prior year; • We vouched significant additions to supporting documents; • We reviewed and considered the appropriateness of depreciation rates and residual values; • We independently recalculated the depreciation charges during the year; • We physically verified the existence of assets on a sample basis, by tracing them from the floor to the registers and vice versa; • We also reviewed the legal ownership of fixed property and motor vehicles; • We verified all disposals against supporting documents and reviewed the PPE registers to confirm accuracy of derecognition; • We reviewed management’s assessment of impairment as at 31 December 2017; and • We verified the disclosures relating to PE presented per note 4 in the annual financial statements. <p>We were satisfied with the results of our audit procedures and the disclosures made in the financial statement notes.</p>
<i>Valuation of trade and other receivables</i>	
<p>The University’s gross trade and other receivables amounted to \$2 168 198 at year end. An allowance for credit losses of \$1 788 597 was provided for at year end. The Zimbabwean economy is currently facing liquidity challenges and the recoverability of trade and other receivables could be doubtful. The valuation of trade and other receivables was therefore considered a key audit matter.</p>	<p>We focused our attention on assessing the recoverability of trade and other receivable and our procedures included the following:</p> <ul style="list-style-type: none"> • We circularized staff debtors balances and government grants receivable as at 31 December 2017; • We reviewed and considered the appropriateness of the policies and internal controls designed within the cycles giving rise to the trade and other receivables balances; • We performed tests of details on students receivable transactions during the year; • We assessed the adequacy and appropriateness of the University’s policies and procedures on providing for credit losses and writing off bad debts;

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • We assessed the adequacy of the allowance for credit losses; • We assessed the valuation of long outstanding and past due receivables; and • We assessed the trade and other debtors performance post year end and up to the date of our report. <p>We were satisfied with the results of our audit procedures and the disclosures made in the financial statement notes.</p>
<i>Validity, accuracy and completeness of staff costs</i>	
<p>The University's financial statements included staff costs amounting to \$19 232 771 for the year ended 31 December 2017, which constitutes 74% of the University's total expenditure.</p> <p>Accordingly, the validity, accuracy and completeness of staff costs was assessed to be a key audit matter.</p>	<p>Our approach focused on assessing the validity, accuracy and completeness of staff costs and our procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the human resources cycle as well as the internal controls in place; • We performed test of controls for key controls noted relating to the recruitment system, termination system, leave system as well as the payroll system; • We performed analytical reviews for month by month staff costs; • We ascertained that salaries and benefits paid to employees were as per approved scale from the University's parent Ministry as well as the staff's employment contracts; and • We verified the processing of all the journal entries posted in the University's accounting records. <p>We were satisfied with the results of our procedures and the disclosures made in the financial statement notes.</p>

Council's responsibility for the Financial Statements

The Council of the University is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and the presentation and disclosure requirements of the Chinhoyi University of Technology (Chapter 25:23) as well as for such internal control the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Council is responsible for overseeing the University's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We are required to communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the disclosure and presentation requirements of the Chinhoyi University of Technology Act (Chapter 25:23).

The engagement partner on the audit resulting in this independent auditor's report is Tariro Mhuka (PAAB No. 0423).

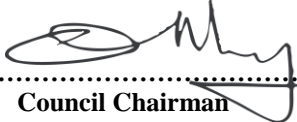
**AMG Global
Harare**

30 May 2018


CHINHOYI UNIVERSITY OF TECHNOLOGY

STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

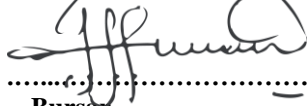
	Note	2017 \$	2016 \$
ASSETS			
Non-current assets			
Property, plant and equipment	4	40 263 733	39 311 113
Biological assets	5	100 246	94 206
Investments	6	35 000	35 000
		<u>40 398 979</u>	<u>39 440 319</u>
Current assets			
Inventories	7	364 626	391 608
Trade and other receivables	8	379 601	651 391
Bank and cash balances	9	1 911 030	787 542
		<u>2 655 257</u>	<u>1 830 541</u>
Total assets		<u>43 054 236</u>	<u>41 270 860</u>
RESERVES AND LIABILITIES			
Reserves			
Accumulated surplus		32 600 719	30 764 827
Specific funds	10	249 578	257 381
		<u>32 850 297</u>	<u>31 022 208</u>
Non-current liabilities			
Deferred revenue	11	5 205 105	4 280 416
Current liabilities			
Trade and other payables	12	4 998 834	5 968 236
Total liabilities		<u>10 203 939</u>	<u>10 248 652</u>
Total reserves and liabilities		<u>43 054 236</u>	<u>41 270 860</u>



Council Chairman



Vice-Chancellor



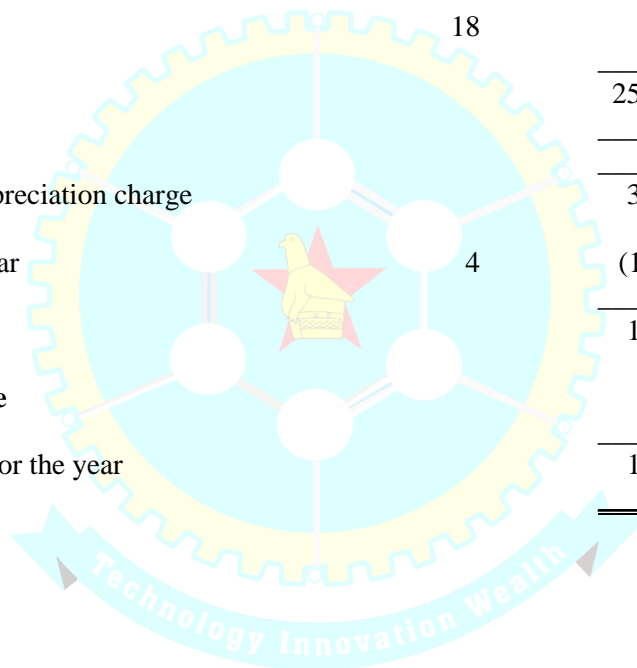
Bursar

30 May 2018

CHINHOYI UNIVERSITY OF TECHNOLOGY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
year ended 31 December 2017

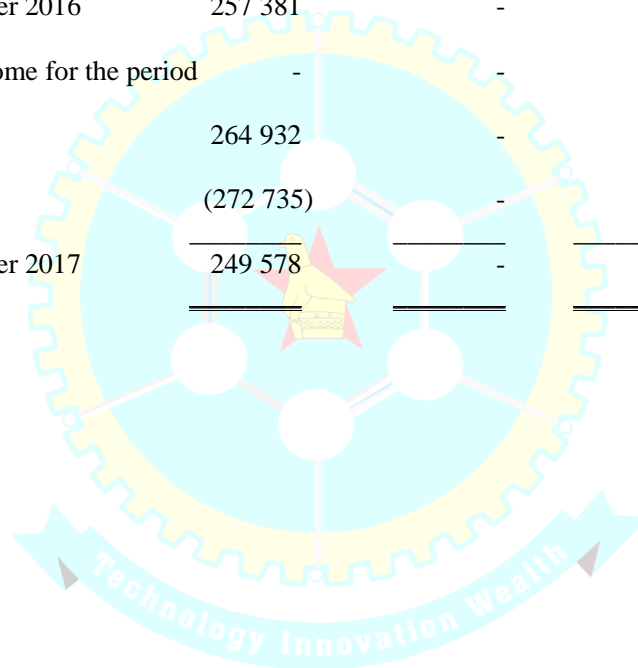
	Note	2017 \$	2016 \$
INCOME			
Student fees	13	10 054 683	9 418 248
Grants from the Government of Zimbabwe	14	18 566 840	17 542 264
Other income	15	912 141	860 211
		<u>29 533 664</u>	<u>27 820 723</u>
EXPENDITURE			
Staff costs	16	19 232 771	19 216 488
Operating expenses	17	6 451 344	5 507 348
Allowances for credit losses		99 565	577 199
Expenditure grants	18	103 422	143 967
Total expenditure		<u>25 887 102</u>	<u>25 445 002</u>
Surplus for the year before depreciation charge		<u>3 646 562</u>	<u>2 375 721</u>
Depreciation charge for the year	4	(1 810 670)	(1 783 952)
Surplus for the year		<u>1 835 892</u>	<u>591 769</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1 835 892</u></u>	<u><u>591 769</u></u>



CHINHOYI UNIVERSITY OF TECHNOLOGY

STATEMENT OF CHANGES IN RESERVES year ended 31 December 2017

	Specific funds \$	Revaluation reserve \$	Non distributable reserves \$	Accumulated fund \$	Total \$
At 31 December 2015	382 752	672 102	-	29 500 956	30 555 810
Realisation of revaluation reserve	-	(672 102)	-	672 102	-
Total comprehensive income for the period	-	-	-	591 769	591 769
Receipts	164 740	-	-	-	164 740
Payments	(290 111)	-	-	-	(290 111)
Balance as at 31 December 2016	257 381	-	-	30 764 827	31 022 208
Total comprehensive income for the period	-	-	-	1 835 892	1 835 892
Receipts	264 932	-	-	-	264 932
Payments	(272 735)	-	-	-	(272 735)
Balance as at 31 December 2017	249 578	-	-	32 600 719	32 850 297



CHINHOYI UNIVERSITY OF TECHNOLOGY

STATEMENT OF CASH FLOWS
year ended 31 December 2017

	Note	2017 \$	2016 \$
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows			
Surplus for the year		1 835 892	591 769
Adjustments for:			
Depreciation		1 810 670	1 783 952
Fair value adjustment to biological assets		21 033	(9 319)
Loss/(gain) on disposal of equipment		69 111	(2 455)
Interest received		(28 861)	(22 787)
Amortised deferred revenue		(90 345)	(195 032)
Births of biological assets		(7 049)	(17 758)
Deaths of biological assets		2 779	33 496
Net operating cash flows before working capital changes		3 613 230	2 161 866
Working capital changes			
Decrease/(increase) in inventories		26 982	(48 830)
Decrease in trade and other receivables		271 790	237 241
(Decrease)/increase in accounts payable		(969 402)	654 621
Net cash flows from operations		2 942 600	3 004 898
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2 912 108)	(3 324 008)
Proceeds from disposal of assets		79 707	12 688
Finance income		28 861	22 787
Additions to biological assets		(46 224)	(59 544)
Disposal of biological assets		23 421	14 504
Net cash flows from investing activities		(2 826 343)	(3 333 573)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		-	(140 000)
Decrease in specific funds		(7 803)	(125 371)
Capital grants received		1 015 034	883 899
Net cash flows from financing activities		1 007 231	618 528
INCREASE IN CASH AND CASH EQUIVALENTS		1 123 488	289 853
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		787 542	497 689
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1 911 030	787 542

1. GENERAL INFORMATION

1.1 Nature of operations

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

1.2 Functional and presentation currency

The University's functional and presentation currency is the United States dollars ("US\$"). The following considerations were made in determining the University's functional currency.

Determination of the functional currency

The acute shortage of cash and foreign currency in the country saw the emergence of different modes of payment for goods and services such as settlement via Real time Gross Settlement (RTGS), Point of sale (POS) and mobile money. In addition:

- Products and services were being priced differently during the year depending on the mode of payment with the actual USD (cash) being the cheapest alternative and RTGS the most expensive;
- The significant unavailability of the USD in cash and in nostro accounts made processing of payments to foreign suppliers and creditors extremely difficult for businesses during the year;
- New legislation in the form of Statutory Instruments 133 of 2016 and 122a of 2017 which prescribed bond notes and coins as currency was promulgated.

As a result of these and other factors management had to make an assessment of whether the use of the United States dollar as the University's functional currency was still appropriate. In doing this management considered the following factors:

- The currency that mainly influences sales prices for goods and services;
- The currency of the competitive forces and regulations that mainly determine the sales prices of goods and services;
- The currency that mainly influences labour, material and other costs of providing goods or services;
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

The United States dollar remained the primary driver for most of the factors above. Therefore management concluded that it is still the University's functional currency.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations. The financial statements are based on statutory records that are maintained under the historical cost convention.

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the University's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2.2 Changes in accounting policy and interpretations

(a) *New standards, interpretations and amendments effective from 1 January 2017, and that have not had a material impact on the University*

The University has adopted the following standards and amendments for the first time in their annual reporting period commencing 1 January 2017:

- Amendments to IAS 12 'Income Taxes', recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after 1 January 2017; and
- Amendments to IAS 7 'Statement of Cash Flows' disclosure initiative, effective for annual periods beginning on or after 1 January 2017.

The adoption of these amendments did not have any material impact on the current period and is not likely to affect future periods.

b) *New standards, interpretations and amendments not yet effective and not early adopted, and that will not have a material impact on the University*

The standards listed below were issued but not yet effective as at the date of issuance of the University's financial statements but the University reasonably expects them to be applicable at a future date and, as such, intends to adopt them when they become effective.

The University expects that the adoption of these standards in most cases will not have a significant impact on the University's financial position and performance in the period of initial application but additional disclosures will be required. The impact of these standards on the University's financial statements on adoption in future is not known and cannot be reasonably estimated as of now.

IFRS 9 Financial Instruments

Sets out the principles for the recognition, derecognition, classification and measurement of financial assets and financial liabilities together with requirements relating to the impairment of financial assets and hedge accounting. The standard is applicable for financial periods beginning on or after January 2018.

IFRS 15 Revenue from Contracts with Customers

Establishes when revenue should be recognised, how it should be measured and what disclosures about contracts with customers are needed. The standard is applicable for financial periods beginning on or after 1 January 2018.

Clarifications to IFRS 15: Revenue from contract with Customers

Clarifies some requirements and provides additional transitional relief to reduce cost and complexity for entities applying the standard for the first time. Effective beginning on/or after 1 January 2018.

IFRS 16 Leases

Establishes principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard is applicable for financial periods beginning on or after 1 January 2018.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

Clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation is applicable for financial periods beginning on or after 1 January 2018.

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2.3 Revenue recognition

2.3.1 Government grants related to income

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

2.3.2 Government grants related to assets

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

2.3.3 Other grants

Grants and donations other than from Government are accounted for on a receipt basis under Specific Funds.

2.3.4 Student fees income

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

2.3.5 Rental income

Rental income is accounted for on an accrual basis.

2.3.6 Halls of residence

Revenue from halls of residence is recognised on accrual basis, when a customer has entered into a contract with the University.

2.3.7 Interest income

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

2.4 Biological assets

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

2.5 Property and equipment (“PE”)

Recognition

Items of PE are recognised as an asset when:

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

Measurement

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

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

Depreciation

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

Computer equipment	4 years
Motor vehicles	5 years
Furniture and fittings	10 years
General equipment	10 years
Kitchen equipment	10 years
Buildings	40 years

At the date of revaluation, the accumulated depreciation on the asset is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued property and equipment, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when the property and equipment are expensed through the statement of profit or loss and other comprehensive income (e.g. depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

Impairment

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

Calculation of recoverable amount

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

Reversal of impairment

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

De-recognition of PE

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

2.6 Investments in subsidiaries

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the University's statement of financial position. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 Inventories

2.7.1 Canteen stocks

Canteen stocks are stated at the lower of cost and net realisable value. Cost is determined using the First-In-First-Out cost method. Net realisable value is the value in use of the inventories.

2.7.2 Stationery and other consumables

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

2.8 Employee retirement benefits

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

2.9 Cash and cash equivalents

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

2.10 Financial instruments

Recognition

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

Measurement

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

Loans and receivables

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

Derecognition of financial assets

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

Impairment of financial assets

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

Financial liabilities

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

Fair value through profit or loss

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

Other financial liabilities

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

2.11 Contingent liabilities and contingent assets

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events that, however, are beyond the control of the University. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

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

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

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2.12 Specific funds

Specific funds represent funds provided to the University by various people and organisations for specific purposes. In order to ensure observance of limitations and restrictions placed on the use of resources, the specific funds are maintained in accordance with the principles of fund accounting. Revenue received for these items and disbursements to authorised recipients are recognised directly into reserves.

2.13 Foreign currencies

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

2.14 Borrowing costs

Borrowing costs are expensed in the year in which they are incurred.

2.15 Provisions

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

3. SIGNIFICANT JUDGEMENTS IN APPLYING THE UNIVERSITY'S ACCOUNTING POLICIES

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

(a) Impairment of trade receivables

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

(b) Impairment testing of property and equipment

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

(c) Residual values and useful lives

The University is required to assess residual values and the remaining useful lives of its property and equipment on an annual basis. This affects the amount of depreciation that is recognized in the statement of profit or loss and other comprehensive income. Management assessed residual values at nil for all assets as it intends to use the assets until the end of their economic useful lives.

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

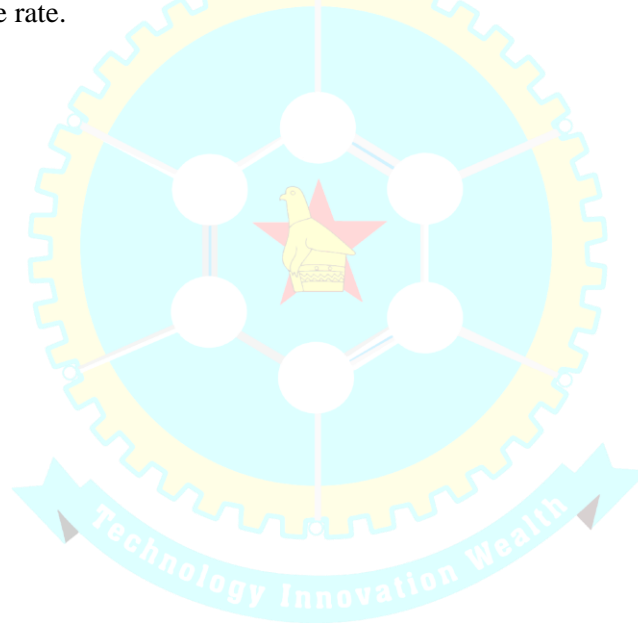
31 December 2017

(d) Valuation of property and equipment

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

(e) Going concern assessment

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



CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY AND EQUIPMENT

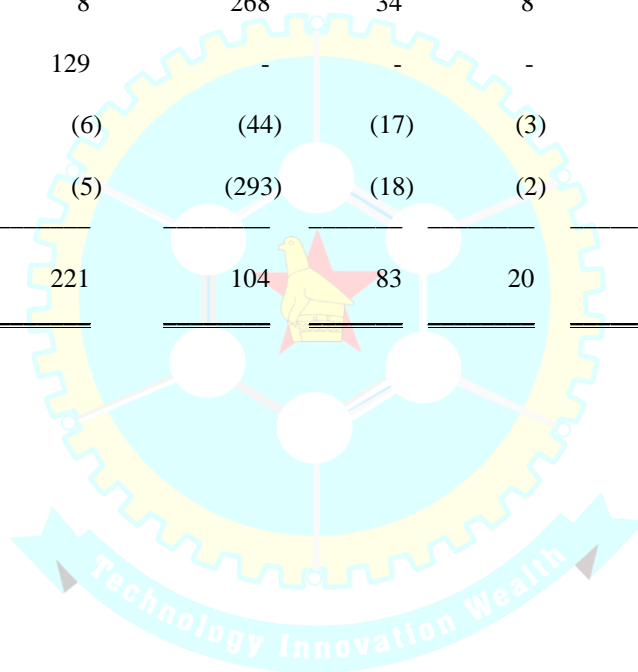
	Land and Buildings \$	PSIP work in progress \$	Motor vehicles \$	Furniture and fittings \$	Computer equipment \$	Teaching and general equipment \$	Total \$
8.1 COST							
As at 31 December 2015	37 972 622	7 092 701	2 480 723	1 760 700	1 612 649	1 814 187	52 733 582
Additions	486 700	1 440 073	625 696	152 890	170 261	448 388	3 324 008
Transfer in/(out)	149 653	(149 653)	-	-	-	-	-
Disposals	-	-	(54 800)	-	-	-	(54 800)
At 31 December 2016	38 608 975	8 383 121	3 051 619	1 913 590	1 782 910	2 262 575	56 002 790
Additions	700 862	1 112 185	411 664	145 974	270 883	270 540	2 912 108
Disposals	-	-	(323 708)	-	(685 744)	-	(1 009 452)
At 31 December 2017	39 309 837	9 495 306	3 139 575	2 059 564	1 368 049	2 533 115	57 905 446
8.2 DEPRECIATION							
As at 31 December 2015	10 650 013	-	1 661 562	867 953	1 310 721	462 043	14 952 292
Charge for the year	946 357	-	311 702	197 770	130 400	197 723	1 783 952
Disposals	-	-	(44 567)	-	-	-	(44 567)
At 31 December 2016	11 596 370	-	1 928 697	1 065 723	1 441 121	659 766	16 691 677
Charge for the year	958 581	-	273 732	197 394	149 825	231 138	1 810 670
Disposals	-	-	(174 601)	-	(686 033)	-	(860 634)
As at 31 December 2017	12 554 951	-	2 027 828	1 263 117	904 913	890 904	17 641 713
8.3 NET BOOK VALUES							
As at 31 December 2017	26 754 886	9 495 306	1 111 747	796 447	463 136	1 642 211	40 263 733
As at 31 December 2016	27 012 605	8 383 121	1 122 922	847 867	341 789	1 602 809	39 311 113
As at 31 December 2015	27 322 609	7 092 701	819 161	892 747	301 928	1 352 144	37 781 290

5 BIOLOGICAL ASSETS

	Cattle US\$	Pigs US\$	Goats US\$	Sheep US\$	Chicken US\$	Dogs US\$	Total US\$
5.1 Cost/valuation							
At 31 December 2015	18 450	32 850	1 555	745	85	1 900	55 585
Births	2 100	15 200	330	90	38	-	17 758
Additions	32 200	26 994	350	-	-	-	59 544
Deaths	(1 700)	(31 581)	(90)	(105)	(20)	-	(33 496)
Disposals	(6 200)	(5 703)	(485)	(210)	(6)	(1 900)	(14 504)
Fair value adjustment	7 150	1 341	550	235	43	-	9 319
As at 31 December 2016	52 000	39 101	2 210	755	140	-	94 206
Births	1 200	5 500	180	70	99	-	7 049
Additions	46 224	-	-	-	-	-	46 224
Deaths	(900)	(1 650)	(100)	(65)	(64)	-	(2 779)
Disposals	(1 800)	(21 140)	(320)	(95)	(66)	-	(23 421)
Fair value adjustments	(8 424)	(12 351)	(535)	(85)	362	-	(21 033)
As at 31 December 2017	88 300	9 460	1 435	580	471	-	100 246

5 BIOLOGICAL ASSETS (Continued)

	Cattle	Pigs	Goats	Sheep	Chicken	Dogs	Total
5.2 Physical quantities							
At 31 December 2015	44	156	64	18	15	2	299
Births	14	304	33	6	94	-	451
Additions	50	1	10	-	-	-	61
Deaths	(4)	(90)	(4)	(4)	(39)	(2)	(143)
Disposals	(9)	(198)	(19)	(3)	(1)	-	(230)
At 31 December 2016	95	173	84	17	69	-	438
Births	8	268	34	8	142	-	460
Additions	129	-	-	-	-	-	129
Deaths	(6)	(44)	(17)	(3)	(36)	-	(106)
Disposals	(5)	(293)	(18)	(2)	(8)	-	(326)
At 31 December 2017	221	104	83	20	167	-	595



CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

	2017	2016
	\$	\$
6 INVESTMENTS		
6.1 Analysis		
Investment in CUT Hotel	-	163 796
Investment in CUTEC Microfinance	35 000	35 000
	<u>35 000</u>	<u>198 796</u>
Impairment of investment in CUT Hotel	-	(163 796)
	<u>35 000</u>	<u>35 000</u>
6.2	These investments are stated at cost less impairment losses.	
7 INVENTORIES		
Bar consumables	7 758	8 253
Building material, fuel and vehicle spares	130 713	113 788
Canteen stocks	14 036	10 685
Farm consumables	44 500	47 466
Medical supplies	12 690	18 174
Promotional material	18 570	21 894
Stationery	54 728	64 976
Teaching material	59 766	82 197
Tuck shop stores	19 415	16 255
Printing press consumables	2 450	7 920
	<u>364 626</u>	<u>391 608</u>
8 TRADE AND OTHER RECEIVABLES		
8.1 Analysis		
Student balances	1 468 906	1 806 660
Staff debtors	95 198	77 720
Other debtors	376 291	415 340
	<u>1 940 395</u>	<u>2 299 720</u>
Allowance for credit loss	(1 788 597)	(1 689 032)
	<u>151 798</u>	<u>610 688</u>
Chinhoyi University of Technology Hotel	72 703	33 203
Total financial assets	<u>224 501</u>	<u>643 891</u>
Prepayments	155 100	7 500
Total trade and other receivables	<u>379 601</u>	<u>651 391</u>
8.2	The carrying value of the trade and other receivables classified as loans and receivables approximates fair value. As at 31 December 2017, there are no trade receivables that were past due but not impaired.	
8.3	Movements on the University's allowances for credit losses is as follows:	
Balance at the beginning of the year	1 689 032	1 111 833
Increase during the year	99 565	577 199
	<u>1 788 597</u>	<u>1 689 032</u>
8.4	Other classes of financial assets included within trade and other receivables do not contain impaired assets.	

	2017	2016
	\$	\$
9 CASH AND CASH EQUIVALENTS		
9.1 Analysis		
FBC Bank Limited	3 089	5 134
FBC Main Account	2 200	5 134
FBC Master Card Account	889	-
ZB Bank Limited	139 124	128 244
ZB Bank Main	112 769	110 708
ZB POS Call Account	49	-
ZB Senior Common Room Account	4 753	12 615
ZB Current Account	(436)	2 823
ZB Bank Printing Press	7 011	607
ZB Bank Rand	721	325
ZB Tuckshop	14 257	1 166
Specific funds	274 181	542 544
ZB Bank Specific Funds Account	129 615	385 017
Barclays Bank of Zimbabwe Limited Specific Funds	144 566	157 527
Barclays Bank of Zimbabwe Limited Main	6 806	8 250
Standard Chartered Bank	2 784	59 422
CBZ Bank	1 445 147	18 107
CBZ Bank Main	1 397 522	15 567
CBZ Farm Research Unit	47 120	1 961
CBZ Bank Salaries	505	579
Agricultural Bank of Zimbabwe	15 751	5 167
Agribank Main	3 577	4 801
Agribank POS Call Account	70	-
Agribank Farm	12 104	366
NMB Bank Limited	328	-
Cash on hand	23 820	20 674
	<u>1 911 030</u>	<u>787 542</u>

9.2 Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis. In 2016 the central bank, through Exchange Control Operational Guide 8 (ECOGAD8), introduced a prioritisation criterion which has to be followed when making foreign payments. Any foreign payments which are made from the bank balances above are ranked based on the central bank's prioritisation criteria and paid subject to the University's bankers having adequate funds with their foreign correspondent banks. In terms of the Directive, most of the University's foreign payments are categorized in Priority Three (Low).

Included in cash and cash equivalents are bond notes and coins which are bearer instruments that are pegged at 1:1 with the United States Dollar ("USD"). USD and bond notes and coins transactions are maintained in the same bank account.

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

10 SPECIFIC FUNDS

	Opening Balance US\$	Receipts US\$	Payments US\$	Closing Balance US\$
Amaranth	170	-	-	170
Albertine Rift Conservation Society (ARCOS)	89	-	(100)	(11)
International Plant Nutrition	2 551	1 649	(25)	4 175
World Wide Fund	3 296	-	(1 856)	1 440
RDCIF - Grant	106 548	330	(98 492)	8 386
UNESCO ICH	8 794	19 970	(18 298)	10 466
Oxfam UK	12	-	-	12
ZERA	1 589	24 074	(17 487)	8 176
ZIAF Goethe	15 001	-	(3 010)	11 991
Science Initiative Group (SIG)	452	-	-	452
British Ecological Society	(2 405)	-	2 398	(7)
Old Mutual Sport	-	10 000	-	10 000
World Fish	-	26 700	(23 330)	3 370
Chaplain's Hardship Fund	486	-	-	486
SADCC	-	15 000	(9 581)	5 419
FRACTAL	-	18 230	(17 925)	305
Goat Pellet	-	20 335	(2 530)	17 805
UNESCO HP Project Phase 1	1 386	-	-	1 386
UNESCO HP Project Phase 2	1 049	-	-	1 049
International Foundation for Science	223	-	-	223
International Foundation for Science (Dr Siziba)	2 638	-	-	2 638
Water Research Commission	45 565	55 308	(7 185)	93 688
International Foundation for Science (IFS)	4 673	-	(105)	4 568
Circle	-	4 604	(3 751)	853
Mineral Block Lick	-	58 324	(25 521)	32 803
START	35 201	-	(26 258)	8 943
CODESRIA (Council for the develop of Science Research in Africa)	625	-	-	625
German Academic Exchange Programme	2 819	-	-	2 819
Vice Chancellor's Hardship Fund	15 921	3 600	(2 298)	17 223
EDULINK II	10 337	6 808	(17 381)	(236)
Zimdef Traser Studies	361	-	-	361
	<u>257 381</u>	<u>264 932</u>	<u>(272 735)</u>	<u>249 578</u>

Represented by:

Cash and bank balances	542 544	274 181
Less University funds in Specific Bank Account	(285 163)	(24 603)
	<u>257 381</u>	<u>249 578</u>

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

	2017 US\$	2016 US\$
11 DEFERRED REVENUE		
11.1 Analysis		
Balance at the beginning of the year	4 280 416	3 591 549
Received from Government of Zimbabwe during the year	1 015 034	136 709
Received from Zimbabwe Manpower Development Fund (ZIMDEF)	-	747 190
PSIP Canteen extension	-	300 000
PSIP Engineering workshop	-	348 000
Rehabilitation of laboratories	-	99 190
Amortised to statement of profit or loss (note 14)	(90 345)	(195 032)
Balance at the end of the year	<u>5 205 105</u>	<u>4 280 416</u>
11.2		
The capital grant account was created so as to recognize the value of the cumulative grant receipt from central government. The capital grant is used for capital expenditure, construction of the first phase of Engineering Complex, the students' canteen and repairs and maintenance of buildings. Upon completion of the projects or realization of the asset, the grants are amortized to statement of comprehensive income over the estimated useful lives of the assets.		
12 TRADE AND OTHER PAYABLES	2017 \$	2016 \$
Trade	937 627	1 165 424
Other	2 382 844	2 911 522
Leave pay and other provisions	1 678 363	1 891 290
	<u>4 998 834</u>	<u>5 968 236</u>
13 STUDENT FEES		
Tuition fees		
Conventional programmes	5 481 355	5 422 750
Block release programmes	148 272	231 143
Post graduate students	882 073	572 686
Other fees		
Exam, registration and levies	2 381 623	2 065 416
Halls of residence	720 259	713 751
Development and laboratory levies	242 710	160 580
Application fees	73 194	97 548
Deferment and supplementary exams	66 205	70 413
Graduation fees	58 992	83 961
	<u>10 054 683</u>	<u>9 418 248</u>

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

	2017	2016
	\$	\$
14 GRANTS - GOVERNMENT OF ZIMBABWE		
Salaries	18 431 495	17 347 232
Recurrent expenditure	45 000	-
Realisation of deferred revenue (Note 11)	90 345	195 032
	<u>18 566 840</u>	<u>17 542 264</u>
15 OTHER INCOME		
Adult and continuing education	9 547	6 813
Agriculture	(170 504)	(35 906)
Alumni, golf tournament and donations	10 997	16 166
Cosmetology	931	1 031
Fines	18 203	2 349
Fuels and energy	(5 043)	405
Hire of facilities	670 470	517 172
Garment and video production	12 979	26 974
Insurance recoveries	18 081	23 906
Interest from bank accounts	12 454	7 651
Interest from short term deposits	16 407	14 511
(Loss)/profit on disposal of equipment	(69 111)	2 456
Marketing	5 350	19 503
Medical aid claim forms	66 070	110 905
Photocopying	64 412	59 450
Printing press	(25 243)	(22 319)
Production engineering	(2 144)	47 421
Research and resource mobilisation	65 237	-
Senior common room	21 304	(12 217)
Student canteen sales	(100 829)	(131 746)
Tourism	2 919	2 550
Transcript collection fees	5 591	5 220
Tuckshop sales	19 706	12 990
Zimsec canteen sales	146 112	134 702
Sundry income	118 245	50 224
	<u>912 141</u>	<u>860 211</u>
16 STAFF COSTS		
Academic departments	10 670 037	10 507 932
Non-teaching departments	6 782 631	6 880 635
Employer's contribution	1 354 341	1 322 177
Staff benefits	256 692	222 800
Standard development levy	76 423	80 570
Staff development	57 650	77 614
Contact leave	17 805	99 370
Funeral Assistance	11 232	5 003
Installation grants	5 960	20 387
	<u>19 232 771</u>	<u>19 216 488</u>

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

	2017	2016
	\$	\$
17 OPERATING EXPENSES		
Consumables	1 487 540	1 234 081
Vehicle and generator running costs	784 212	677 417
Maintenance and repairs	943 052	595 017
Electricity water and rates	385 478	397 847
Travel and subsistence expenses	581 807	407 209
Sport, travel and related expenses	136 765	117 143
Workshops and seminars	114 141	91 267
Marketing and publicity	169 622	231 473
Strategic planning and other special functions	114 337	69 434
ICT software and networks	24 344	13 082
Legal and professional fees	56 801	216 771
Accommodation (rentals)	254 154	270 843
Motor vehicles (hire)	6 833	36 183
Examination and related costs	152 999	149 491
Audit fees and related expenses	27 636	44 412
Clinic expenses	34 763	24 191
Council	36 603	37 816
Bank charges	63 330	47 650
Bad debts	278 061	-
Telephones	206 936	67 782
Insurance	137 402	110 971
Internet expenses	246 781	559 129
Research Board	38 634	10 997
Library books	50 082	87 823
Fair value adjustment on biological assets	21 031	9 319
Legal fees provision	98 000	-
	<u>6 451 344</u>	<u>5 507 348</u>
18 EXPENDITURE GRANTS		
Post Graduate Studies	103 422	89 467
Grants to hotel	-	54 500
	<u>103 422</u>	<u>143 967</u>

19 RELATED PARTY INFORMATION

19.1 Related parties

Related party	Nature of relationship
CUT Hotel	Strategic Business Unit
CUTEC Microfinance (Private) Limited	Subsidiary
Zim-China Wanjin Agricultural Development (Private) Limited	Joint venture partner
Rusunguko Nkululeko Holdings (Private) Limited	Joint venture partner
Prof D. J. Simbi	Key management
Prof Z. Muranda	Key management
Prof J Nyamangara	Key management
Dr T. B. Bhebe	Key Management
Dr O Sifile	Key management
Mr B Nyagwaya	Key management

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

	2017	2016
	\$	\$
19.2 Related party receivables		
The following are the related party balances which are included in trade and other receivables as at year end:		
Chinhoyi University of Technology Hotel	72 703	33 203
19.3 Related party payables		
The following are the related party balances which are included in trade and other payables as at year end:		
CUTEC Microfinance (Private) Limited	20 658	16 431
Chinhoyi University of Technology Hotel	38 226	-
	<u>58 884</u>	<u>16 431</u>
19.4 Related party transactions		
The University entered into transactions with related parties in the normal course of business. Details of significant transactions with related parties are shown below:		
Name of related party	Nature of transaction	
Zim-China Wanjin (Private) Limited	Supply of bricks to Chinhoyi University of Technology by Zim-China Wanjin (Private) Limited	30 370
Chinhoyi University of Technology Hotel	Expenditure grants to Chinhoyi University of Technology Hotel	-
	Rental charge to Chinhoyi University Hotel	30 000
	Conference facilities, accommodation and meals from Chinhoyi University of Technology Hotel	233 672
CUTEC Microfinance (Private) Limited	Stop order deductions of loans advanced to staff members	237 340
19.5 Compensation to key management		
Key management personnel are employees who have authority and are responsible for planning, directing and controlling the activities of the University.		
Short term benefits	254 927	209 740
Long term benefits	23 062	19 092
	<u>277 989</u>	<u>228 832</u>
20 TAX		

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

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

21 RETIREMENT BENEFITS

21.1 Chinhoyi University of Technology Pension Fund

Employees are members of Chinhoyi University of Technology Pension Fund, a defined contribution scheme administered by Old Mutual under which the retirement benefit is determined by reference to the employee's contributions. Employees contribute 6.5% and the University contributes 7.5% of the basic salary.

21.2 National Social Security Scheme

All employees are members of the National Social Security Scheme which is a defined contribution pension scheme. The scheme is administered by the National Social Security Authority. The scheme was promulgated under the National Social Security Act of 1989. The University's obligations under the Scheme are limited to specific contributions as legislated from time to time and are currently 3.5% of the pensionable emoluments up to a maximum of \$24.50 per month per employee.

	2017	2016
	\$	\$
21.3 Contributions for the year		
The contributions were as follows:		
Chinhoyi University of Technology Pension Fund	923 309	907 224
National Social Security Authority Scheme	492 745	462 785
	<u>1 416 054</u>	<u>1 370 009</u>

22 FINANCIAL RISK MANAGEMENT

22.1 General risks management

The University is exposed through its operations, to the following financial risks:

- Credit risk;
- Treasury risk; and
- Liquidity risk.

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

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

22.2 Principal financial instruments

The principal financial instruments used by the University, from which financial instrument risk arises, are as follows:

- Trade and other receivables;

CHINHOYI UNIVERSITY OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

- Cash and cash equivalents; and
- Trade and other payables.

22.3 General objectives, policies and processes

Council has overall responsibility for the determination of the University's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating the processes that ensure the effectiveness in implementation of the objectives and policies to the University's finance function. The University's internal auditors also review the risk management policies and processes and report the findings to the Finance and Audit Committee.

22.4 Treasury risk

The Finance Committee meets regularly to consider and analyse, among other issues interest rate exposures and to re-evaluate treasury risk management strategies against prevailing economic forecasts. Compliance with the University policies and exposure limits is reviewed at regular Council meetings.

22.5 Foreign currency risk

Foreign currency risk arises from the influence of exchange rate fluctuations. The University does not take out cover on outstanding foreign currency transactions due to the fact that these transactions take place on an ad hoc basis.

22.6 Credit risk

Credit risk is the risk of financial loss to the University if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets that potentially expose the University to concentration of credit risk consist of receivables, bank balances and cash. The University's cash and cash equivalents are placed with high quality financial institutions and the receivables are presented net of allowance for credit losses where this is considered necessary. The major receivables of the University are student debtors. Students' academic results are withheld until outstanding fees have been paid and this encourages them to settle their fee obligations. Receivables relating to students on cadetship are guaranteed by the Government.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

	Carrying Value 2017 \$	Maximum exposure 2017 \$	Carrying value 2016 \$	Maximum exposure 2016 \$
Financial assets				
Cash and cash equivalents	1 911 030	1 911 030	787 542	787 542
Trade and other receivables	379 601	2 095 495	651 391	2 307 220
	<u>2 290 631</u>	<u>4 006 525</u>	<u>1 438 933</u>	<u>3 094 762</u>

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22.7 Liquidity risk

Liquidity risk arises from the University's management of working capital. It is the risk of insufficient liquid funds being available to cover commitments as they fall due.

The University manages liquidity risk by proper management of working capital and cash flows. Adequate banking facilities are maintained. In order to mitigate any liquidity risk that the University faces, the University's policy has been throughout the year ended 31 December 2017, to maintain substantial unutilised facilities and reserves as well as significant liquid resources. The liquidity risk of the University is managed centrally by the Budget Committee. The Budgets are set locally by Council in advance, enabling the University's cash requirements to be anticipated. Where facilities need to be increased, approval is sought from Council.

	Up to 3 months \$	Between 3 and 12 months \$	Between 1 and 2 years \$	Over 2 years \$
At 31 December 2017				
Trade payables	937 627	-	-	-
Other payables	4 061 207	-	-	-
	<u>4 998 834</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016				
Trade payables	1 165 424	-	-	-
Other payables	4 802 812	-	-	-
	<u>5 968 236</u>	<u>-</u>	<u>-</u>	<u>-</u>

23 GOING CONCERN

Chinhoyi University of Technology is a statutory entity and is supported by central government on capital expenditure, employment costs and overhead expenses. The University supplements the grants from central treasury through revenue receipts from levies students. In view of the foregoing circumstances, the University's longevity is not under threat and will live in perpetuity.

24 MANAGEMENT OF CAPITAL

The University's objective when managing capital is to safeguard its ability to continue operating as a going concern, so that it can benefit stakeholders. The major sources of funds for the University are student fees and government grants.

The University's current liabilities exceeded current assets by \$2 343 577 as at 31 December 2017 and \$4 137 695 as at 31 December 2016.

The net current liability position will be funded through government grants and student fees. The University gets financial support from the Government of Zimbabwe to meet capital and recurrent expenditure as a statutory and strategic entity for the country of Zimbabwe.

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25 EVENTS AFTER REPORTING DATE

There were no significant events which occurred from the reporting date to the date of approval of these financial statements.

25.1 Approval of financial statements

The financial statements were approved for issue on 30 May 2018 by the University's Council.

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