AFRICA BOOK DEVELOPMENT ORGANISATION (ABDO)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

General Information

Registered Office	15B 6th Avenue Parktown, Waterfalls Harare Telephone : 263-882910303; +2638644290134
Business	Uplifting livelihoods of the marginalised communities in rural and commercial farm workers through establishing libraries, providing relevant books and information materials, establishing resource centres and school buildings which aims at promoting the formation of study circles for different development initiatives.
Established	1995
Registered	2005 PVO Act 17:05 Registration number 39/05
Board of Trustees	A. Nyathi (Chairman) M.B. Zimunya (Vice Chairman) L. Hari (Treasurer) L. Manyuchi (Secretary) T. Nyathi (Patron) K. Makoni (Committee Member) C. Munhu (Committee Member) T. Jumo (Committee Member) H. Mahumucha (Committee Member)
Bankers	NMB Bank Limited
Auditors	Royal Chartered Accountants (Zimbabwe) Suite 310, Third Floor, Office Block 2 Longcheng Plaza Belvedere, Harare Contacts : +263 242 711 408

INDEX

Executive Commitee' responsibility for financial reporting

The Executive Commitee acknowledges that they are ultimately responsible for the system of internal financial control systems established by the project and place considerable importance on maintaining a strong control environment. To enable the Executive Commitee to meet these responsibilities, the Executive Commitee 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 project and all employees are required to maintain the highest ethical standards in ensuring the project's business is conducted in a manner, that in all reasonable circumstances, is above reproach. The focus of risk management of the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the project endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The financial statements are prepared in accordance with appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Executive Commitee 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 Executive Commitee has assessed the ability of the organisation to continue as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate. However, the Executive Commitee believes that under the current economic environment a continuous assessment of the economic environment will need to be performed to determine the continued appropriateness of this assumption.

The external auditors are responsible for independently reviewing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on pages 4 to 6.

The financial statements and the notes thereto set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the Executive Commitee and were signed on its behalf by ;

Chairman________________ **Date** 19/04/2024

Executive Coordinator________________ **Date** 19/04/2024

ROYAL CHARTERED
ACCOUNTANTS (ZIMBABWE)

Suite 310, Office Block 2
Longcheng Plaza, Belvedere
Harare
+263 242 711 408
info@royalca.co.zw
www.royalca.co.zw

Report of the Independent Auditor

To the Members of Africa Book Development Organisation

We have audited the financial statements of **Africa Book Development Organisation** (the Organisation), set out on pages 7 to 19, which comprise the statement of financial position for the year ended 31 December 2023 and the statement of income and expenditure, 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 information.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Africa Book Development Organisation** as at 31 December 2023, its financial performance and cash flows for the year then ended in accordance with the 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 Organisation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the Ethical requirements that are relevant to our audit of the financial statements in (jurisdiction), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

Management is responsible for the preparation of the financial statements in accordance with IFRS 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 Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organisation'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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 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 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 Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of 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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation 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.

We 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 we identify during our audit. We also provide the directors with a statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were significant in the audit of the financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nathan Chayambuka. -PAAB Practising No. 0430

Royal Chartered Accountants
(Zimbabwe)

24/04/2024

Harare, Zimbabwe

AFRICA BOOK DEVELOPMENT ORGANISATION
Statement of Finacial Position

As at 31 December 2023

	Note (s)	2023 USD	2022 USD
Assets			
Non Current Assets			
Property and equipment	3	32,702	12,282
		32,702	**12,282**
Current Assets			
Accounts receivable	4	14,334	19,415
Cash and cash equivalents	5	633	112,413
		14,968	**131,828**
Total Assets		**47,669**	**144,110**
Reserves and Liabilities			
Funds and Reserves			
Capital reserve		25,902	25,902
Revaluation surplus		96,322	64,846
Accumulated fund		(105,628)	19,468
		16,595	**110,216**
Long Term Liabilities			
Staff loan revolving fund	6	-	16,338
		-	**16,338**
Current Liabilities			
Accounts payable	7	14,736	17,556
Staff loan revolving fund	6	16,338	-
		31,074	**17,556**
Total Reserves and Liabilities		**47,669**	**144,110**

The financial statements and the notes thereto set out on pages 7 to 19 which have been prepared on the going concern basis, were approved by the Executive Committee and were signed on its behalf by ;

Chairman________________ **Date** 19/04/2024

Executive Coordinator________________ **Date** 19/04/2024

AFRICA BOOK DEVELOPMENT ORGANISATION
Statement of income and expenditure

For the year ended 31 December 2023

	Note (s)	2023 USD	2022 USD
Income			
Grant Received			
AGS		93,648	98,684
KHF		10,829	239,509
The Grail Centre		1,135	3,087
Stephen Welsh		1,141	-
Canadian Embassy		1,223	11,220
American Embassy		6,148	-
Other income	8.7	2,721	1,107
		116,846	**353,608**
Expenditure			
AGS	8.1	93,648	98,684
Canadian Fund for Local	8.2	3,896	8,547
American embassy	8.3	6,148	
KHF	8.4	100,302	150,036
Stephen Welsh	8.5	1,141	-
Grail Centre	8.6	1,471	3,087
Other expenses	8.7	35,336	23,556
		241,942	**283,911**
Deficit (surplus) for the year		**(125,096)**	**69,697**

AFRICA BOOK DEVELOPMENT ORGANISATION
Statement of Changes in Reserves

For the year ended 31 December 2023

	Capital Reserve	Revaluation Reserve	Accumulated Fund	TOTAL
	USD	**USD**	**USD**	**USD**
Balance as at 1 January 2022	25,902	64,846	(50,229)	40,518
Surplus for the year	-	-	69,697	69,697
Balance as at 31 December 2022	25,902	64,846	19,468	110,215
Revaluation	-	31,476	-	31,476
Deficit for the year	-	-	(125,096)	(125,096)
Balance as at 31 December 2023	25,902	96,322	(105,628)	16,595

AFRICA BOOK DEVELOPMENT ORGANISATION
Statement of Cash Flows

For the year ended 31 December 2023

	Note (s)	2023 USD	2022 USD
Cashflow from operating activities			
Surplus (Deficit) for the year		(125,096)	69,697
Adjusted for:			
Depreciation		11,058	22,901
Operating cash flows before working capital changes		**(114,039)**	**92,598**
Changes in working capital			
Increase/ (Decrease) in trade and other payables		(2,821)	8,265
(Increase)/ Decrease in trade and other receivables		5,081	(4,001)
Cash generated from operations		**(111,779)**	**96,862**
Net cash flows from (applied in) operating activities		**(111,779)**	**96,862**
Movement in cash and cash equivalents for the year		**(111,779)**	**96,862**
Cash and cash equivalents at the beginning of the year		112,413	15,551
Cash and cash equivalents at end of the year	**5**	**633**	**112,413**

Accounting Policies

1 Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and in conformity with donor specific requirements. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in American Dollars.

These accounting policies are consistent with the previous period

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement 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 judgements include;

Accounts, loans and other receivables

The organisation assesses its accounts , loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the organisation makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for accounts, loans and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Fair value estimation

The carrying value less impairment provision of accounts receivables and payables are assumed to approximate their fair values.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

1.2 Taxation

In terms of the third Schedule of the Income Tax Act (Chapter 23:06) the organisation is exempt from Corporate Tax since it is registered as a Private Voluntary Organisation. As such no provision has been made for taxation.

1.3 Revenue

Grant revenue is recognised upon receipt.

1.4 Property and equipment

Property and equipment are tangible items that are held for use in the production or supply of goods or services, rental to others or for administrative purposes; and are expected to be used during more than one period.

Property and equipment is initially measured at cost.

1.4 Property and equipment (continued)

Property and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Property and equipment is carried at cost less accumulated depreciation and any impairment losses.

When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually. The following methods and rates were used during the year:

Item	Method	Rate
Motor vehicles	Straight line	0.25
Furniture and fittings	Straight line	0.25
Office equipment	Straight line	0.25
Computer equipment	Straight line	0.25

2 Financial instruments

Classification

The Organisation classifies financial assets and financial liabilities into the following categories:

Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Organisation becomes a party to the contractual provisions of the instruments.

The Organisation classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Accounting Policies

Financial instruments (continued)

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Organisation has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the Organisation assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Organisation, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounts and other receivables

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a receivable is uncollectable, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Accounts and other payables

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Notes to the Financial Statements

3. Property and equipment	**Motor Vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & Fittings**	**Total**
Carrying amounts- 1-January 2022	**32,745**	**848**	**427**	**1,163**	**35,183**
Cost/Valuation	84,215	9,280	1,472	3,228	98,194
Accumulated depreciation	(51,469)	(8,433)	(1,045)	(2,065)	(63,011)
Depreciation for the year	(21,054)	(848)	(231)	(769)	(22,901)
Carrying amounts- 31-December 2022	**11,692**	**-**	**197**	**394**	**12,282**
Cost/Valuation	84,215	9,280	1,472	3,228	98,194
Accumulated depreciation	(72,523)	(9,280)	(1,275)	(2,834)	(85,912)
Revaluation	38,669	3,069	599	1,422	43,759
Elimination of costs on revaluation	(84,215)	(9,280)	(1,472)	(3,228)	(98,194)
Depreciation for the year	(9,667)	(767)	(131)	(492)	(11,058)
Elimination of accumulated depreciation	72,523	9,280	1,275	2,834	85,912
Carrying amounts- 31-December 2023	**29,002**	**2,302**	**468**	**930**	**32,702**
Cost/Valuation	38,669	3,069	599	1,422	43,759
Accumulated depreciation	(9,667)	(767)	(131)	(492)	(11,058)

Notes to the Financial Statements

	2023 USD	2022 USD
4 Accounts and other receivables		
Zimnat (pensions)	2,153	181
PAYE	218	1,040
Rental security deposit	600	600
Other receivables	-	7,374
Staff loans receivable	11,364	10,221
	14,334	**19,415**
5 Cash and cash equivalents		
Cash at bank	633	112,413
	633	**112,413**
6 Staff loan revolving fund		
Staff loan revolving fund	**16,338**	**16,338**

The loan is an interest free loan from KHF to support employees with short term financing. The loan does not have a fixed repayment period. However, it can be called anytime.

	2023 USD	2022 USD
7 Accounts and other payables		
Revolving loans	13,323	13,323
Deferred income: KFH	-	1,445
Nssa	1,413	-
Zimnat (pensions)	-	2,788
	14,736	**17,556**

Notes to the Financial Statements

8. Expenditure

8.1 Afrikagrupperna (AGS)

	2023 Budget USD	2023 Actual USD	2023 Variance USD	2022 Budget USD	2022 Actual USD	2022 Variance USD
Communication and Visibility	210	171	40	322	307	15
Governance	600	573	27	2,086	2,178	(92)
Human resources development	2,566	1,882	684	1,638	1,572	66
Management support services	67,736	67,730	6	77,272	76,131	1,141
Networking	225	239	(14)	317	317	-
Programming	19,514	18,793	721	17,135	17,369	(234)
Research, Monitoring, Evaluation and Learning	4,200	4,209	(9)	769	761	8
Resource mobilisation and sustainability	50	52	(2)	50	49	1
Total expenses	**95,101**	**93,648**	**1,453**	**99,589**	**98,684**	**905**

8.2 Canadian Fund for Local

	2023 Budget USD	2023 Actual USD	2023 Balance USD	2022 Budget USD	2022 Actual USD	2022 Balance USD
Communication and Visibility	-	-	-	35	30	5
Management support services	100	101	(1)	2,118	1,622	496
Programming	3,800	3,795	5	7,882	5,710	2,172
Research, Monitoring, Evaluation and Learning	-	-	-	1,185	1,185	-
Total expenses	**3,900**	**3,896**	**4**	**11,220**	**8,547**	**2,673**

8.3 United States of America Embassy

	2023 Budget USD	2023 Actual USD	2023 Balance USD	2022 Budget USD	2022 Actual USD	2022 Balance USD
Management support services	2,245.00	2,245.00	-	-	-	-
Programming	3,903.00	3,903.00	-	-	-	-
Total expenses	**6,148**	**6,148**	**-**	**-**	**-**	**-**

8.4 KHF

	2023 Budget USD	2023 Actual USD	2023 Balance USD	2022 Budget USD	2022 Actual USD	2022 Balance USD
Communication and visibility	640	180	460	3,213	3,249	(36)
Networks and relationships	225	70	155	383	387	(4)
Governance	600	150	450	-	-	-
Management support systems & services	16,309	9,477	6,832	17,796	9,158	8,638
Monitoring and evaluation	9,979	9,910	69	25,689	14,385	11,305
Programming	98,564	80,515	18,049	192,428	122,858	69,570
Total expenses	**126,317**	**100,302**	**26,015**	**239,509**	**150,036**	**89,473**

8.5 Stephen Welsh

	2023 Budget USD	2023 Actual USD	2023 Variance USD	2022 Budget USD	2022 Actual USD	2022 Variance USD
Programming	1,150	1,141	9	-	-	-
Resource mobilisation and sustainability	-	-	-	-	-	-
Total expenses	**1,150**	**1,141**	**9**	**-**	**-**	**-**

8.6 Grail Centre

	2023 Budget USD	2023 Actual USD	2023 Variance USD	2022 Budget USD	2022 Actual USD	2022 Variance USD
Programming	1,500	1,471	29	1,550	1,563	(13)
Management support services	-	-	-	1,550	1,524	26
Total expenses	**1,500**	**1,471**	**29**	**3,100**	**3,087**	**13**

Notes to the Financial Statements

8.7 Institutional

	Actual 2023 USD	Actual 2022 USD
Income		
Other income	2,721	4,347
	2,721	**4,347**
Expenditure		
Depreciation for the year	11,058	24,549
Monitoring	377	-
Programming	21,999	-
Management support services	1,902	-
	35,336	**24,549**
Deficit for the year	**(32,615)**	**(20,202)**

9 Risk management

Capital risk management

The Organisation's objectives when managing cash are to safeguard the Organisation's ability to continue as a going concern in order to provide benefits for stakeholders.

Financial risk management

The Organisation's activities are exposed to liquidity risk.

The Executive Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed donor facilities.

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

10 Going concern

The Executive Committee has assessed the ability of the Organisation to continue operating as a going concern and believe that the preparation of these financial statements on the going concern basis is appropriate. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.