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# 2016 Annual Report

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# 01 ABOUT THE INSTITUTE

## WHO WE ARE

The Institute of Chartered Accountants of Zimbabwe (ICAZ) is a statutory body incorporated under the Chartered Accountants Act (Chapter 27:02). ICAZ's membership consists of Chartered Accountants (Zimbabwe) (CA(Z)) and Articled Accountants (AAZ) (pre-professionals).

## VISION

To be the pre-eminent professional body in the development and promotion of accountancy, assurance and advisory services, business and good governance practices.

## MISSION

To enhance the international standing and recognition of the qualification Chartered Accountant (Zimbabwe), for the benefit of its members, to support them in providing quality services in the public interest.

## VALUE STATEMENT

### Responsibility:

Taking ownership and being dependable.

### Honesty:

Upholding the truth, no half truths, putting across the right facts, being impartial and full disclosure.

### Integrity:

Acting in good faith, standing by what we believe in, independent, fair and transparent, do the right thing, walk the talk in respect of all things.

## COUNCIL MEMBERS

Roy Chimanikire - *President*  
 Gloria Zvaravanhu - *Senior Vice President*  
 Martin Makaya - *Junior Vice President*  
 Matthews Kunaka - *Chief Executive Officer*  
 Trust Chikohora  
 Tapiwa Chizana  
 David Gwande  
 Clyton Kazembe  
 Fungai Kuipa  
 David Marange  
 Zondi Kumwenda  
 Tumai Mafunga  
 Bhekimpilo Mpofu  
 Clive Mukondiwa  
 Beatrix Munyurwa  
 Walter Mupanguri  
 Gray Neely  
 Brian Njikizana  
 Bothwell Nyajeka  
 Jill Rickard  
 Tinashe Rwodzi  
 Duduzile Shinya  
 Bernard Tapera

## REGISTRAR

Felicity Karekwaivanane

## AUDITORS

Deloitte & Touche  
 West Block, Borrowdale Office Park,  
 Borrowdale Road,  
 P O Box 267, Harare

## PRINCIPAL BANKERS

Standard Chartered Bank Zimbabwe Limited  
 2nd Floor, Old Mutual Centre  
 Third Street/Jason Moyo Avenue  
 Harare

## PRINCIPAL OFFICE

Integrity House  
 2 Bath Road  
 Belgravia, Harare

## LEGAL ADVISERS

Moyo and Jera Legal Practitioners  
 Credsure House  
 2nd Floor, Eastwing  
 69 Sam Nujoma Avenue  
 Harare



# 02 NOTICE AND AGENDA

NOTICE is hereby given that the ninety eighth Annual General Meeting of the Institute of Chartered Accountants of Zimbabwe (ICAZ) will be held on Thursday 14 July 2016 at 1600 hours, at the Elephant Hills Hotel, Victoria Falls, to transact the following business:

### **1. APOLOGIES**

To receive any apologies for absence.

### **2. CONFIRMATION OF MINUTES**

To confirm the minutes of the 97th Annual General Meeting held on Friday 7th August 2015 at 17.00 hours at the Grand Hyatt Hotel, Dubai.

### **3. ANNUAL REPORT AND FINANCIAL STATEMENTS**

To receive the Annual Report of Council, President's Statement and the Audited Financial Statements for the year ended 31 May 2016.

### **4. COUNCIL ELECTION**

To receive the names of the members elected to Council.

### **5. APPOINTMENT OF AUDITORS**

To propose the appointment of auditors for the 2016-17 financial year.

### **6. COUNCIL RESOLUTIONS**

To adopt Council resolutions.

### **7. ANY OTHER BUSINESS**

Any other business which may be transacted at an Annual General Meeting of the Institute.



**R. Chimanikire**  
President

28 June 2016

# 03 MESSAGE FROM THE PRESIDENT



**ROY CHIMANIKIRE**  
ICAZ President

It is such a great honour and privilege for me to give this report for the 2015-2016 presidential year. It has been a fantastic year of many learnings and a lot of incremental personal growth!



I realise, as I pass on the baton to the next group of leaders, that the challenges that confront us are not as great as the opportunities that present themselves. We have 100 years of history behind us and a great legacy that we have inherited. We hold the future of the next generation of Accountants in our hands. It is incumbent on us to have history on our side that this generation served this Institute and this Country well! It is on the shoulders of giants that we stand. As we look over them we see that it is a future brimming with promise and also responsibilities and expectations that come with any role worth fulfilling. In this role, what I have cherished the most is the privilege to serve and the respect and support that I have enjoyed from members in helping me fulfil my mandate. There is a lot more I wish I could have done and wish I can still do for the Institute and I know that together we can continue to build this preeminent body. I have also realized that as the world is changing, our way of doing things has to be dynamic as continuing in our rich traditions can lead to disruptive outcomes. I have seen the openness and candid debate at Council as being a healthy catalyst for this change.

The Institute remains committed to maintaining and enhancing its status as the preeminent accounting professional body in the country. To sustain this position, the Institute has to grow, be dynamic, be accessible and also be relevant to the changing world. This I am sure can be done and will be done. I will give below an update on some of the major highlights of the year, which attest to the results of our collective efforts toward a common goal as we endeavor to achieve our strategic objectives.

## COUNCIL REFORM

We have commenced a reform agenda that we believe will transform our leadership culture and the way we do things at ICAZ. This agenda will take several years to complete but I believe will see us responding more dynamically to the challenges that lie ahead.

## PATHWAYS

We have started conversations about the way the qualification is attained and how we stream the various entry routes to become a qualified Chartered Accountant. This may see a change in how people are trained and how accessible our qualification is to aspiring accountants. I believe a critical part of this discussion is also how we create different tiers in the profession so that we are able to produce accountants that are relevant at every level of business from small enterprises to large corporations.

## PUBLIC SECTOR SKILLS ENHANCEMENT

Over the last few years we have worked diligently, with the support of our partners to develop a professional qualification for the public sector accountants. I believe as an Institute we are playing a key role in laying the foundation for the future by ensuring the pillars that support Government are strong. The fruits of these initiatives may not be evident in the short run but will certainly be seen in years to come.

## MEMBERSHIP AND MEMBER SERVICES

We continue to explore ways to remain relevant to our members. Our diaspora membership base now comprises about 50% of our overall membership and is vital to our future as an Institute. There are some critical conversations that we have started on how we remain relevant in the lives of our members in the diaspora.

## CONCLUSION

I would like to thank members for their support during the year. I would like to also thank Council for their diligent efforts and wisdom in discharging their duties. Our various partners, deserve our appreciation, particularly IFAC for the support that they continue to provide to us. My appreciation also extends to the PAAB, Government and other regulatory bodies that we work closely with as an Institute.

ICAZ will be turning 100 years in 2018 and it is our duty to ensure that the Chartered Accountant (Zimbabwe) profession remains strong and continues to be relevant to Zimbabwe and the World at large for the next 100 years. As the bible says "The race is not given to the strong or the swift...but time and chance happens to all man". Let us remain resilient and resolute in our efforts to make our country the greatest place on earth!



**R. Chimankire**  
President

5 July 2016



# 04 REPORT OF THE COUNCIL

## REGISTRY

### Council

The Council is the primary governing body of the Institute and currently has 23 members. Council is responsible, amongst other things, for policy formulation and ensuring that the Institute maintains stakeholder confidence. The Council is headed by the President, who has been in office for a period of 3 years as junior vice president, senior vice president and president. All Council members are involved in other committees and ad-hoc task forces.

The constituencies currently represented in Council are as follows: Mashonaland 16 members, Matabeleland 4 members, Manicaland 1 member, Midlands 1 member and Diaspora Chapters 1 member. The aim of Council is to gradually change its composition in line with current corporate governance principles. In order for this to be possible, all members are encouraged to participate in the elections that are normally held in April every year.

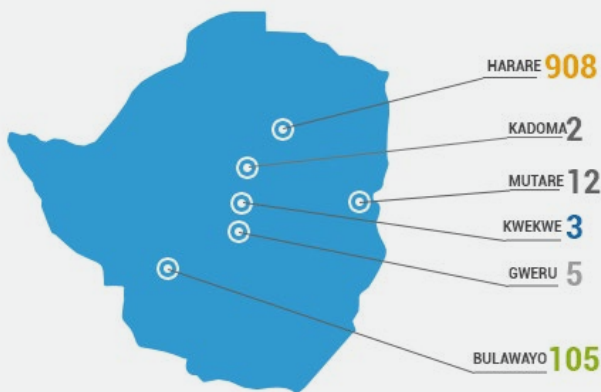
### The Executive Management Committee

The Executive Management Committee is made up of the current President of the Institute Roy ChimaniKire (Econet Wireless Zimbabwe Limited), the Senior Vice President, Gloria Zvaravanhu (NICOZ Diamond), the Junior Vice President, Martin Makaya (BDO Zimbabwe) and the Chief Executive Officer, Matthews Kunaka.

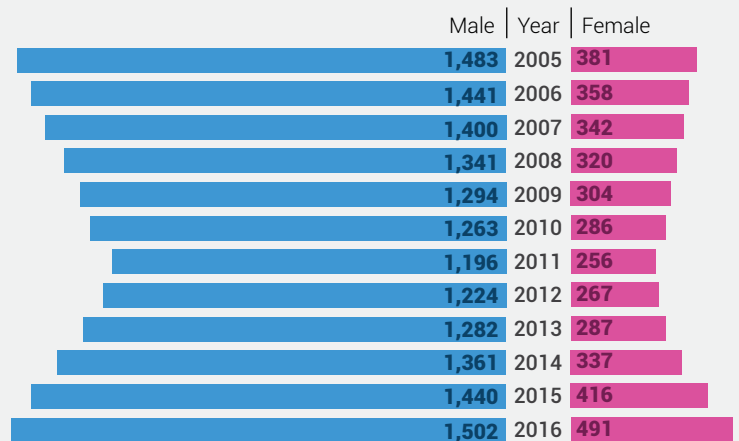
### Members

Membership as at 31 May 2015	1760
New Admissions – June 2015 to date	239
Deaths – June 2015 to date	(4)
Resignations/de-registrations – June 2015 to date	(4)
Reinstated members - June 2015 to date	2
<b>Membership as at 31 May 2016</b>	<b>1993</b>

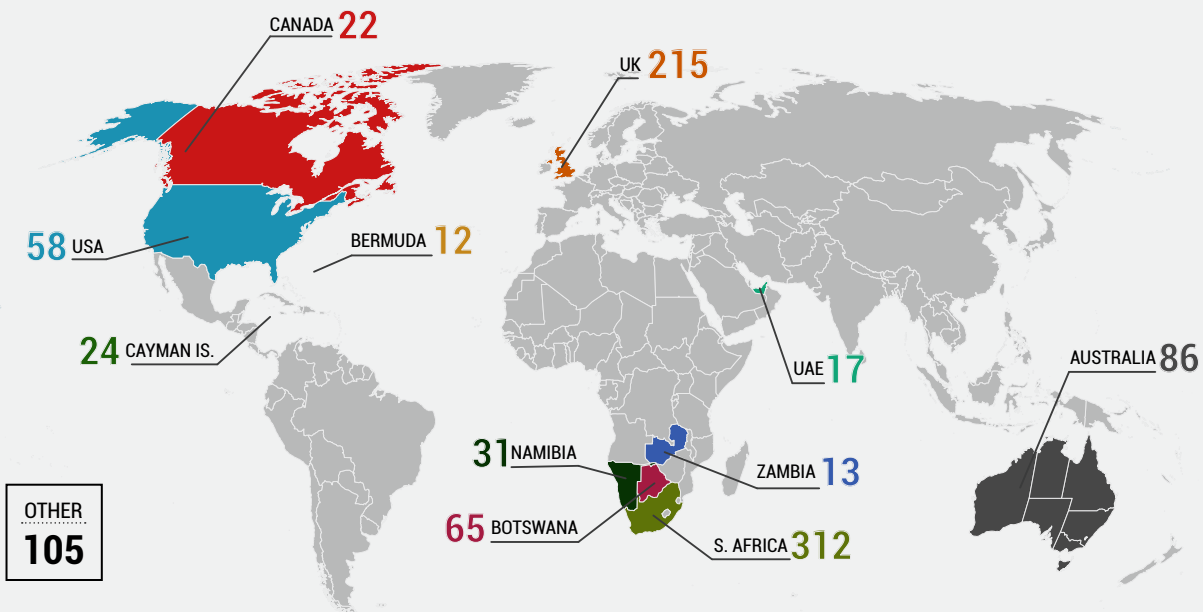
#### LOCAL MEMBERS (Total: 1033)



#### MALE - FEMALE MEMBERSHIP COMPARISON



#### NON-RESIDENT MEMBERS (Total: 960)



Deceased members from 1 June 2015 to date are Geoffrey R. Vine, Rebecca Muchada, Michael Tapera and Shadreck Mazhandu.

### Student Accountants (Articled clerks)

Student Accountants registered as at 31 May 2015	775
Registrations – June 2015 to date	132
Discharges – June 2015 to date	(120)
Cancellations & suspensions – June 2015 to date	(10)
<b>Students accountants registered as at 31 May 2016</b>	<b>777</b>

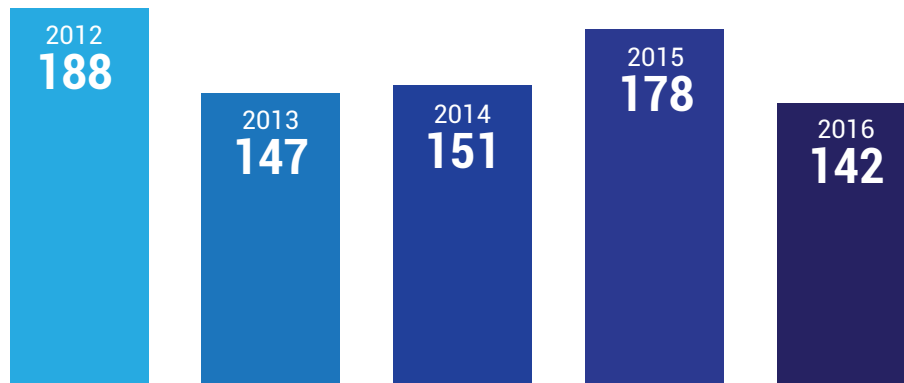
### Accredited Training Offices

ICAZ currently has 43 Accredited Training Offices. Training Inside Public Practice (TIPP) firms employ 664 Articled Clerks with the Training Outside Public Practice (TOPP) firms having 113 Articled Clerks in their employ.

## EDUCATION

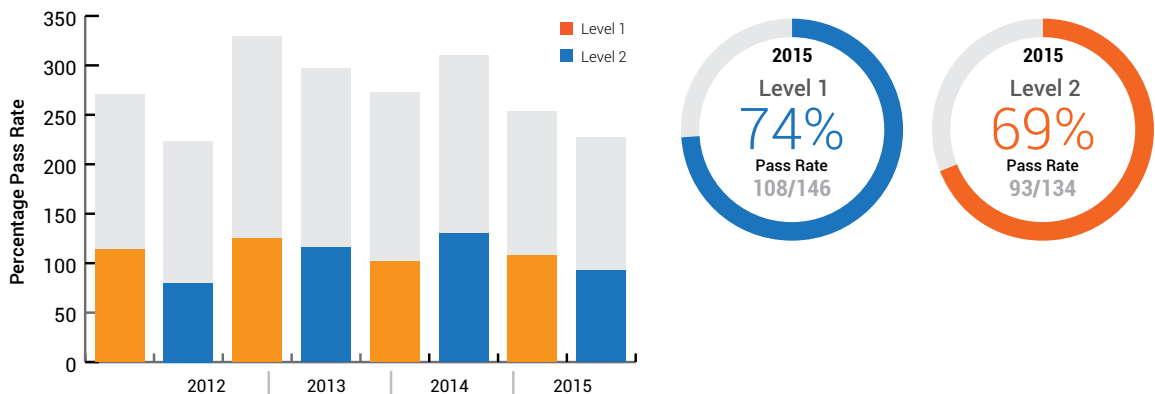
### Undergraduate Programme

The number of ICAZ undergraduate clerks currently enrolled is 142. The numbers continue to decrease as ICAZ is no longer registering any new UNISA students. Graph below shows the previous five years' enrolment comparisons:



### Zimbabwe Certificate in Theory Accounting (ZCTA)

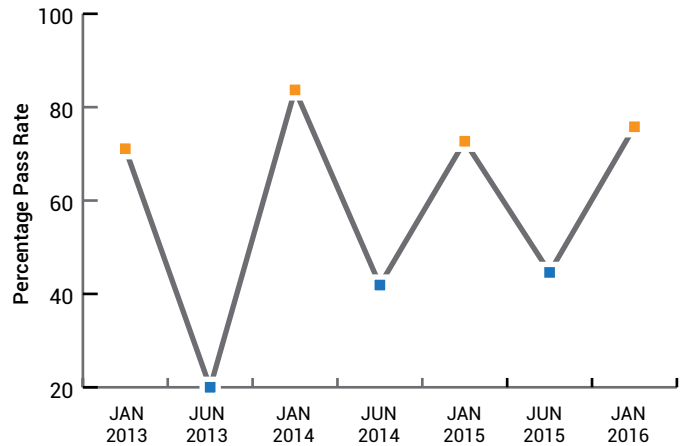
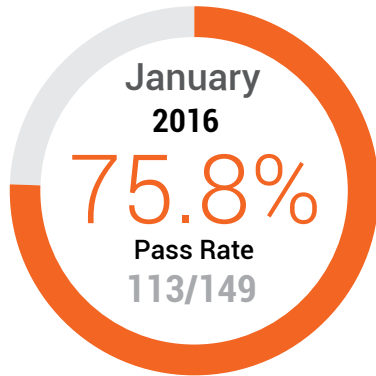
A total of 129 (93 UNISA and 36 CAA) students passed the ZCTA Level 2 exam. Of the 134 UNISA ZCTA who wrote all 5 modules, 69% was the pass rate which is slightly less than the 2014 pass rate. Table below shows the previous five years' pass rate comparisons:



## Qualifying Examinations

### Initial Test of Competence (ITC)

Enrolment and pass rates for Initial Test of Competence (ITC) Qualifying Examinations for the past five years are as follows:

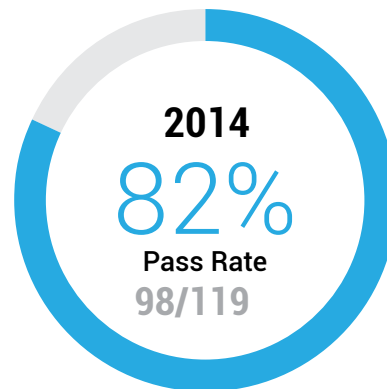
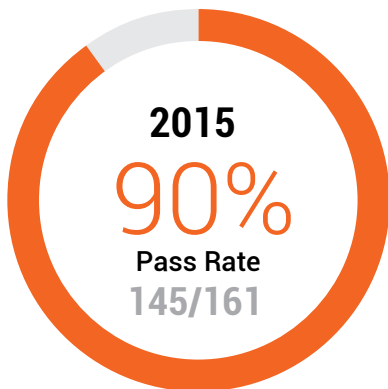


It is pleasing to note that 2016 January ITC results are better than those for January 2015.

### Assessment of Professional Competence (APC)

November 2015 assessment was the second year of the APC after the introduction of the competency framework project, which started three years ago when the Part 1 Exam was replaced by the Initial Test of Competence (ITC). The Assessment of Professional Competence (APC) had been developed over a two-year period with extensive input from academics and professionals with administration through the APC Committee. The students are provided with the pre-release material 5 calendar days before they sit for the assessment. Additional information about the scenario provided in the pre-release material as well as the 'required section' is provided to candidates on the day of the assessment. Students have a maximum of eight hours to complete the exam. The key considerations in assessing competence are technical, analytical, contextual and communication skills.

### Assessment of Professional Competence (APC) results:



### **Student Awards**

Gibson Rwakuda from BDO Zimbabwe was the Best Overall student in the UNISA ZCTA level 2 2015 exams, while Takudzwa Chimanyiwa from EY was the Best Overall CAA full time student.

No student achieved the Honours Role for the 2015 Assessment of Professional Competence. The student who performed best for the APC was Tapiwa Louis Christian Chisango from EY, and he was awarded the W A Duff Award of Merit for being the best Overall student in the APC examination.

Philomina Mandaza from Grant Thornton Camelsa took the District Society Prize for being the best overall student in the 2016 January ITC Examination.

### **PATHWAYS COMMITTEE (PC)**

The Committee continues to analyse and consider the proposals that have been put forward for the different pathways to the CA(Z) qualification with the objective of localization of the examinations and increasing the membership base.

### **ACCOUNTING PROCEDURE COMMITTEE (APC)**

As part of ICAZ's dedication to monitoring, maintaining, and improving quality of reporting, the committee is continuously reviewing the financial statements of companies listed on the Zimbabwe Stock Exchange (ZSE). The results of these reviews are communicated to auditors and preparers. The CPD Committee was notified of areas that have common discrepancies with regards to International Financial Reporting Standards (IFRS), and International Standards on Auditing (ISA) for consideration in populating items on the CPD calendar. The reviews were performed in liaison with the PAAB to avoid any duplication of efforts.

The APC has continued to contribute to the International Accounting Standards Board (IASB) through commenting on Exposure Drafts which are issued from time to time. Some of the Exposure Drafts responded to include:

- Conceptual Framework for Financial Reporting – which outlines proposed changes to the Conceptual Framework;
- Practice Statement: Application of Materiality to Financial Statements – which aims to provide guidance on applying materiality to financial statements; and
- Effective Date of Amendments to IFRS 10 and IAS 28 – which explains the need for the IASB to postpone the effective date of amendments to IFRS 10 and IAS 28

### **Banking and Finance Sub-Committee**

The Banking and Finance sub-committee is devoted to continuous monitoring of challenges in the sector and cooperation with the Reserve Bank of Zimbabwe where necessary. One of the key projects it has taken on in the current year is the implementation plan of IFRS 9 which is expected to have a huge impact on reporting in the financial services sector.

### **Insurance and Pension Funds Sub-Committee.**

The sub-committee reports to the APC on matters regarding reporting and auditing in relation to Insurance and Pension Funds and the accounting of such in the financial statements of corporates. The committee membership currently comprises ICAZ members, however, the committee is in the process of including representatives from insurance bodies such as IIZ (Insurance Institute of Zimbabwe), ICZ (Insurance Council of Zimbabwe), and IPEC (Insurance and Pensions Commission).

Some of the issues dealt with during the year include:

- US Dollar conversion – dealing with the conversion from the Zimbabwean dollar to the United States dollar since 2009; and
- The long form audit report for insurance companies.

## AUDITING AND PROFESSIONAL STANDARDS COMMITTEE (APSC)

The Committee is focused mainly on matters relating to any rules and regulations which affect members in public practice, as well as participating and contributing to the International Audit and Assurance Standards Board (IAASB) projects in standard development. The Committee submitted comment letters on Exposure drafts issued by the IAASB, some of which include:

- Improving the structure of the Code of Ethics – which is aimed at refining the Code of Ethics for improved application in practice; and
- Enhancing audit quality in the public interest – which aims to enhance audit quality.

The Committee was also active by providing submissions on the New Companies Act draft and has also supported the implementation of the New Auditors Report.

## TAX AND OTHER LEGISLATIONS COMMITTEE (TOLC)

The Committee continues to be the agent of the Institute on professional matters that are affected by tax and other legislation.

The Committee coordinates with the Ministry of Finance and other authorities like ZIMRA and the IPEC in a bid to get clarity and rectify any challenges being faced by members and taxpayers. The Committee continues to contribute to policy makers for the national budget.

ZIMRA has been consulting with the Committee with regards to rectifying problems being faced by taxpayers with the new ITF263 e-filing system.

### Tax Seminars

In the current year the Institute conducted one seminar directly focused on tax related issues in collaboration with the CPD Committee.

## PUBLIC SECTOR TASK FORCE COMMITTEE

This Committee was setup in the current year, and Mr Bothwell Nyajeka CA(Z) is the chairman. The committee is mainly focused on issues pertaining to preparers and auditors practising in the public sector.

Projects of note being undertaken by the committee include:

- Bridging the gap between the Auditor General and the accounting profession, auditors in particular; and
- Adoption of the Public Sector Standards.

## INVESTIGATIONS AND DISCIPLINARY COMMITTEE

Three new cases were handled by the Investigations and Disciplinary Committees during the year under review. Of these, two cases were concluded by the Disciplinary Committee and one was closed as no prima facie case was established. All cases referred are dealt with according to the ICAZ rules and regulations.

## PUBLIC RELATIONS AND MARKETING REPORT

The 2015/2016 period was comprised of activities that encouraged interaction amongst members and significant profiling of the Institute on all forms of media.

### ICAZ-Old Mutual Golf Day

The annual charity fund raising golf day was held on the 29th of April 2016 and was a definite success with 22 teams participating on the day. The event raised \$8 767.00 which will be donated to charity organisations.

### ICAZ Participated at the Lets Learn-Ngatifunde Career Expo

As part of the ICAZ endeavor to promote the Chartered Accountancy profession, the Institute together with the Chartered Accountant Students Society participated at the Lets Learn-Ngatifunde career guidance exhibition conducted at the Harare International Conference Centre from 18 to 19 February 2016. The ICAZ CEO Mr. Matthews Kunaka did a presentation on what it takes to be a Chartered Accountant and how ICAZ supports students to achieve this career.

### ICAZ Inaugural Power Walk and Run

The inaugural ICAZ Power Walk/Run was held under the theme, "CA's Walking for Charity and Wellness", on 17 November 2015. Over 300 participants made up of members, students and members of the public participated in the event. This was followed by a Zumba session and prize-giving for the winners in the various categories.

ICAZ took the opportunity of this event to donate a motor vehicle, food and clothing to the Rose of Sharon Welfare Organisation and also to raise awareness on healthy living. The motor vehicle was purchased using proceeds from the 2015 ICAZ – Old Mutual Golf day.

### Magazine and Newsletters

The Chartered Accountant magazine continued to be published with commendable support from advertisers. The newsletters also updated members on the Institute and other relevant events and activities.

## CONTINUING PROFESSIONAL DEVELOPMENT

During the period under review CPD records were only updated electronically on the ICAZ website which requires members to login to the iMIS system. As a result, some members have been facing challenges as they were used to completing manual forms. ICAZ has sent the login instructions to members who have been facing these challenges as well as assisted them to embrace the system as this will ensure records are easily managed. Warning letters were sent to non-compliant members and the CPD Committee will take further action on these members if need be.

Non-resident members continue to comply with the Institute where they are resident and only complete a declaration form with ICAZ if they have not registered with the Institute where they are resident. The Institute continues to urge members to log onto the system and update their CPD records.

The following is a summary of the CPD seminars held during the period under review together with the names of presenters and facilitators:

#### ICAZ IPEC SEMINAR (Harare)

Date: 16 June 2016  
 Speakers: Manett Mpofu (IPEC Commissioner)  
 Tumai Mafunga (Deloitte Partner)  
 Isiah Mashinya (Group Finance Director, Old Mutual)  
 Josphat Kakwere (IPEC Head of Risk Management)  
 Facilitator: Nhau Chivingira  
 Attendance: 140

#### INDIGENISATION, ANTI-MONEY LAUNDERING & LONG FORM AUDIT REPORT SEMINAR (Bulawayo)

Date: 27 May 2016  
 Speakers: Hon. Minister Patrick Zhuwao (Minister of Youth, Indigenisation & Economic Empowerment)  
 Mirirai Chiremba (Director Financial Intelligence Unit, RBZ)  
 Facilitator: Tapiwa Chizana (Deloitte Partner)  
 Attendance: 26

#### TAX UPDATE (Bulawayo)

Date: 17 March 2016  
 Speakers: Monica Gtora (Deloitte Tax Director)  
 Sifelani Nhliziyi (EY BYO Tax Manager)  
 Facilitator: Tapiwa Chizana (Deloitte Partner)  
 Attendance: 22



**INDIGENISATION, ANTI-MONEY LAUNDERING & LONG FORM AUDIT REPORT SEMINAR (Harare)**

Date: 16 March 2016  
 Speakers: Hon. Minister Patrick Zhuwao (Minister of Youth, Indigenisation & Economic Empowerment)  
 Anesu Daka (CAA CEO & ICAZ Technical Consultant)  
 Mirirai Chiremba (Director Financial Intelligence Unit, RBZ)  
 Esther Antonio (PWC Partner)  
 Facilitator: Martin Makaya (BDO Partner & ICAZ Junior Vice President)  
 Attendance: 49

**IFRS UPDATE (Bulawayo)**

Date: 26 February 2016  
 Speakers: Tarryn Campbell (EY Senior Manager)  
 Chengetai Mashavave (Deloitte Senior Manager)  
 Facilitator: Tapiwa Chizana (Deloitte Partner)  
 Attendance: 27

**TAX UPDATE (Harare)**

Date: 23 February 2016  
 Speakers: Monica Gatora (Deloitte Tax Director)  
 Maxwell Ngorima (BDO Tax Director)  
 Christina Muzerengi (Grant Thornton Partner)  
 Dr. Godfrey Kanyenze (Economic Analyst)  
 Facilitator: Elisa Dos Santos (Director Platinum Accounting Services)  
 Attendance: 49

**IFRS UPDATE: Harare**

Date: 27 January 2016  
 Speakers: Anesu Daka, CAA CEO & ICAZ Technical Consultant  
 Clive Mukondiwa (PWC Partner)  
 Facilitator: Tendai Mutsinze (Nolands Director)  
 Attendance: 68

**Analysis of the 2016 National Budget: Bulawayo**

Date: 04 December 2015  
 Speakers: Kgomoitso Lekola (MD LGC Capital, SA)  
 Reggie Saruchera (Grant Thornton Managing Partner)  
 Tapiwa Chizana (Deloitte Partner)  
 Tendai Mavima (MD, Tax Management Services)  
 Facilitator: Tarryn Campbell (EY Senior Manager)  
 Attendance: 34

**CFO FORUM: Strategies for Financial Sustenance (Harare)**

Date: 19 November 2015  
 Speakers: Eve Gadzikwa (SAZ Director)  
 Sam Matsekete (CFO Barclays)  
 Patrick Kariwon (HR Consultant)  
 Alban Chirume (CEO ZSE)  
 Brian Njikizana (KPMG Managing Partner)  
 Kgomoitso Lekola (MD LGC Capital, SA)  
 Jonas Mushosho (Group CEO Old Mutual)  
 Facilitator: Gewn Muteiwa (Country Head of Finance Banc ABC)  
 Attendance: 66

**Valuations Seminar (Harare)**

Date:	01 October 2015
Speakers:	Mike Debeer (KPMG Partner) Brian Kashoni (Executive Director, Dawn Property Consultancy) Arnold Marambire (MD, Integrated Properties) Anesu Daka (CAA CEO & ICAZ Technical Consultant)
Facilitator:	Esther Antonio (PWC Partner)
Attendance:	56

**CHAPTERS****MASHONALAND DISTRICT SOCIETY OF CHARTERED ACCOUNTANTS (MASH SOCIETY)**

During the year 2015-2016 Sevious Mushosho, Finance Director of Distribution Group Africa, remained the chairman of the committee while Sabina Chitehwe, Senior Finance & Corporate Relations Manager, Essar Infrastructure Zimbabwe remained the deputy chairperson.

**Winter School in Victoria Falls**

The committee is organizing the 2016 Winter School to be held in the resort town of Victoria Falls at the Elephant Hills Resort from the 14th to the 17th of July 2016. The event will be held under the theme: "Taking Ownership of Our Zimbabwe's Future". This year's winter school seeks practical solutions to our economic challenges. To effectively address this, foreign speakers have been invited whose countries have gone through challenges akin to those of Zimbabwe, as well as prominent speakers and presidents of other industrial and professional bodies. Members will be availed opportunities to express themselves during panel discussions, debates and through interactive presentation formats.

The 2016 Winter School program will include a unique opportunity to visit Botswana's Chobe National Park where delegates will enjoy a boat trip on the Chobe River and a game drive in Chobe National Park. The park is located on the banks of the scenic Chobe River and is home to one of the largest game concentrations in Africa. This excursion is expected to provide members with a diversion from the usual activities carried out by members during the Victoria Falls winter schools.

The committee also conducted various activities during the year which are as follows:

**Inaugural Networking Golf Day**

The Inaugural Networking Golf day themed 'Integrity Open' was successfully held on 11 September 2015, at the Chapman Golf Club. 22 teams of four, drawn from golf experts from the profession and non-member executives from industry and commerce, competed. This was an opportunity for members to reconnect with colleagues and friends as well as reliving old memories and exchanging ideas. It was agreed that the event will now become an annual occurrence.

**Christmas Networking Dinner**

The Christmas Networking Dinner was held on 27 November at Zimbali in Greendale where a total of 80 delegates attended including 50 new members who were welcomed and inducted at the event. The guest of honor was Ron Mutandagayi, Group Chief Executive Officer of ZB Financial Holdings.

Presentations of certificates were also made to all ICAZ sponsors for 2015 in three categories; platinum, gold and silver.

**Book Donation & Career Guidance in Masvingo**

The Institute donated Advanced level accounting text books worth US\$6 000 to eight secondary schools in Masvingo Province, in a move meant to ease the acute shortage of books. The donation ceremony took place at Victoria High School in Masvingo on 22 January 2016. The books were purchased using proceeds from the ICAZ-Old Mutual Golf day conducted in 2015. Beneficiaries of this worthy donation were: Birivenge High, Chiredzi Government, Nyanningwe High, Munyikwa High, Ndarama High, Victoria High, Maranda High and Chorumba High schools. A career guidance session was also performed immediately after the book donation with the recipients of the donation.

### **ZCTA APC Graduation**

The committee successfully organised a certificate presentation ceremony for the successful ZCTA and APC candidates on 13 April 2016 at the Harare International Conference Centre. The guest of honor at the ceremony was the Honourable Minister of Higher and Tertiary Education, Professor Jonathan Moyo (MP) while William Mandisodza, the committee secretary of the Mashonaland District Society, was the Master of Ceremony.

### **MATABELELAND DISTRICT SOCIETY**

The Matabeleland Society of the Institute of Chartered Accountants of Zimbabwe (the Society) is a small community which adopts an informal approach to its functioning, congruent with the relatively small number and the consequent familiarity of members with one another. The Society has not set up sub-committees.

Two meetings were held in the presidential year beginning June 2015. For one of the two meetings, the Society invited a Bulawayo born USA based investment banker to speak and interact with the members. As has become practice, the Matabeleland Society also participated in a yearend cocktail function which is jointly hosted with the Matabeleland chapter of the Law Society.

### **ICAZ UAE CHAPTER**

August 2015 will forever remain a special month in the history of the Institute of Chartered Accountants of Zimbabwe (ICAZ). It was during this month that Winter School was held for the first time outside the borders of Zimbabwe, nearly 100 years after the establishment of our prestigious institute. The UAE Chapter had the pleasure of playing host to this historic and ground breaking event.

We dared you at the 2014 Winter School and you obliged. Nearly 400 delegates from 18 countries descended on the shores of Dubai from 6 – 10 August 2015 for what we would like to believe was a truly memorable and unforgettable experience. Indeed, it was a great pleasure to host all the members and their families who attended this conference.

Another memorable event during the extraordinary year was the election of the Chapter's chairman Bernard Tapera to the ICAZ Council as the first non-resident member. His election has given the Diaspora members a voice in the Council and re-ignited their active participation. At the time of writing this report, a second seat for the Diaspora had been opened for nominations and the jostling for nomination amongst the non-resident members was unprecedented and clear evidence of an increase in Diaspora interest in ICAZ activities.

As part of further efforts to increase Diaspora interaction and participation, the UAE Chapter engaged the UK and South African chapter committees to establish quarterly meetings to discuss matters arising and to brainstorm ideas for recommendation to Council. Two meetings have so far been held with the UK Chapter and work is in progress to incorporate the South African Chapter.

### **UK CHAPTER**

The UK chapter continues to engage UK based members through various networking events and investment focussed discussions. The chapter recognises that the majority of members are keen to get more information on job market, businesses and investment opportunities hence relevant seminars/meetings will be organised in the coming year.

### **SOUTH AFRICA CHAPTER**

Major activities undertaken during the presidential year June 2015 to date by ICAZ SA Chapter:

We had two cocktail events in November 2015 for the members.

Plans for the next presidential year:

- Charity golf day to benefit disadvantaged students in Zimbabwe
- Networking event to benefit recently qualified CA(Z)
- Social event
- Debate on how members in the diaspora can contribute to decision making in Zimbabwe

## CHARTERED ACCOUNTANTS STUDENTS SOCIETY – CASS

Report by the CASS President

It has been an astounding honour serving as the first female President of this highly esteemed institution of responsive and responsible aspiring Chartered Accountants (CAs). In retrospect, the achievements of the Chartered Accountants Students Society (the Society) have been remarkable and the institution has remained firm in its unwavering commitment to developing and empowering the student accountant and the community.

The theme for the year July 2015 – June 2016 was *"Empowering the leaders of tomorrow"* and this was exceptionally reflected in the Corporate Social Responsibility committee (CSR) efforts of this year. The focus for the year has been empowerment through education which is representative of our values as a student body. This was achieved in our fundraising efforts where we donated stationery in the form of school textbooks and furniture in the form of desks and chairs to Rose of Sharon Welfare Organisation all to the combined value of US\$9 750.

In line with developing the noble initiative that was established in 2015, the ICAZ CASS Scholarship Fund, the Society is constantly seeking ways of developing the learning environment of aspiring Chartered Accountants. The objective of this initiative is to offer educational assistance to academically gifted but disadvantaged children aiming to pursue a Chartered Accountancy qualification. I am delighted to report that the society managed to set aside \$1 000 for this worthy cause. To this regard, the society will continue to find ways of raising funds for this cause in an effort to improve the learning environment and making an impact that matters in society.

The society also seeks to develop the student accountant extramurally and as such, CASS successfully organised an Inter-firm soccer league where students from various training offices came together for the love of the games. This culminated in the annual sports day celebrations on Friday, 21 August 2015 at ZB sports club in Vainona. This event united the firms in a friendly, competitive and exciting environment. CASS also donated groceries and stationery to Rose of Sharon Children's Home at this event.

Now as we draw the curtains on what has been the fantastic 2015/2016 year, I realise that my term in office, and the terms in office of my fellow Officers and Executive members, are coming to an end. Plans are underway for the 2016 CASS seminar which will be held at the Victoria Falls Resort from 30 June to 2 July 2016 at the Kingdom Hotel. The event will most notably be graced by the presence of the Group Chief Executive Officer of CBZ Holdings Limited, one of the biggest local financial institutions, Mr. N. Nyemudzo among other renowned speakers. This will be particularly relevant as we will hold discussions on some of the pertinent economic issues.

The journey of my presidential year has been memorable, I had opportunity to meet some of the most talented individuals of our time. It has been a true honour to have worked with our patron Mr. Martin Makaya, the ICAZ presidium and a talented and dedicated Executive Committee. Words cannot truly express my gratitude for the support and the continual participation of the CASS student body in the initiatives and endeavours of this most venerable organisation. I wish the best to the incoming Executive Committee and I give my heartfelt thanks to each and every one of you for the profound honour and distinct privilege of serving you as your president.

Esteemed ladies and gentlemen. I thank you.

**Natasha Dzomba - CASS President**

## 05 CORPORATE GOVERNANCE

Council delegates certain functions to standing committees which are appointed for a period of one year at the first Council Meeting in each Presidential year. Each committee has its own terms of reference and reports to the Council. While the various committees have authority to examine particular issues, the Council has the ultimate responsibility as the governing body of the Institute.

## COUNCIL

Council Member	MA
R. Chimanikire (President)	8/10
G. Zvaravanhu (Mrs) (Senior VP)	7/10
M. Makaya (Junior VP)	6/10
B. Nyajeka	7/10
C. Kazembe	7/10
B. Njikizana	9/10
F. Kuipa	7/10
T. Rwodzi	5/10
D. Marange	7/10
D. Shinya (Mrs)	7/10
D. Gwande	4/10
J. Rickard (Mrs)	4/10
C. Mukondiwa	5/10
Z. Kumwenda	3/10
T. Chikohora	4/10
B. Munyurwa (Mrs)	4/10
G. Neely	6/10
T. Chizana	10/10
M. Kunaka	10/10
W. Mupanguri	10/10
B. Tapera	7/9*
T. Mafunga	7/9*
B. Mpofu	3/9*

\* Elected onto Council in August 2015

## ACCREDITATION MONITORING TEAM

Committee Member	MA
C. Muzondo (Chairperson)	2/2
T. Mafunga	0/2
F. Gwiza	1/2
E. Makunyadze	0/2
D. Magombedze	2/2

## PATHWAYS COMMITTEE

Committee Member	MA
G. Zvaravanhu (Chairperson)	4/4
A. Mubaiwa	4/4
S. Ndlovu	1/4
T. Rwodzi	1/4
M.T Kunaka	4/4

## EXECUTIVE COMMITTEE

Committee Member	MA
R. Chimanikire (President)	10/10
G. Zvaravanhu (Mrs.) (Senior VP)	7/10
M. Makaya (Junior VP)	9/10
M.T Kunaka (CEO)	7/10

## EXAM BOARD

Committee Member	MA
T. Rwodzi (Chairperson)	6/6
V. Lapham	4/6
F. Kuipa	3/6
M.T Kunaka	6/6
H. Des Fontaine	3/6
C. Adamson	4/6
M. Chanduru	4/4*

## EDUCATION COMMITTEE

Committee Member	MA
A. Mubaiwa (Chairperson)	5/5
C. Muzondo	4/5
M. Kunaka	5/5
C. Maswi	5/5
F. Pange	2/5
F. Gwiza	4/5
E. Ravasingadi	2/5
B. Raradza	4/5
T. Rwodzi	1/5
S. Katsande	4/5
T. Zimondi	2/5
T. Mafunga	0/5
D. Magombedze	4/5
E. Mukunyadze	4/5
M. Makaya	5/5

## AUDIT AND FINANCE COMMITTEE

Committee Member	MA
F. Kuipa (Chairperson)	6/7
C. Kazembe	4/7
D. Shinya	4/7
J. Rickard	4/7
M.T. Kunaka	5/7

### Invitees

B. Mabiza (External Auditor)	2/7
T. Makunde (External Auditor)	5/7
T. Murambinda (Internal Auditor)	3/7

**PUBLIC RELATIONS COMMITTEE**

Committee Member	MA
S. Gwanzura (Chairperson)	5/7
S. Ndhlovu	2/7
A. Makamure	3/7
S. Chitewe	5/7
M. Kunaka	6/7
A. Chinhara	4/7
M. Chigunduru	1/1*

\* Joined during the year

**PUBLIC SECTOR TASK FORCE**

Committee Member	MA
B. Nyajeka (Chairperson)	1/2
C. Chetsanga	1/2
C. Wright	2/2
D. Mazingaizo	1/2
E. Mukunyadze	2/2
E. Mungoni	1/2
H. Murindagomo	2/2
K. Musundire	1/2
M. Chitauo	2/2
M.T. Kunaka	1/2

**HUMAN RESOURCES COMMITTEE**

Committee Member	MA
D. Gwande (Chairperson)	3/4
M.T. Kunaka	4/4
M. Makaya	2/4
Z. Kumwenda	3/4
T. Chikohora	0/4
C. Mukondiwa	3/4

\*Joined during the year

**CONTINUOUS PROFESSIONAL DEVELOPMENT**

Committee Member	MA
C. Kazembe (Chairperson)	4/4
T. Mhuka	2/4
S. Mushosho	3/4
M. Nyagomo	1/4
K. Eceolaza	2/4
M. Kunaka	3/4
B. Mbanu	2/4
S. Mavende	0/4

**INVESTIGATIONS COMMITTEE**

Committee Member	MA
S. Hammond (Chairperson)	2/4
F. Kembo	2/4
M. Dube	2/4
J. Mushore	2/4
M.T. Kunaka	3/4
V. Ndhlovu	1/3

**Invitees**

E. Moyo	3/3
C. Banda	2/3

\* Number of meetings vary from member to member as members have different cases to look into.

**MUTUAL RECOGNITION COMMITTEE**

Committee Member	MA
G. Zvaravanhu (Chairperson)	2/3
A. Mubaiwa	3/3
T. Rwodzi	2/3
M.T. Kunaka	2/3
E. Mukunyadze	2/3

**ACCOUNTING PROCEDURES COMMITTEE**

Committee Member	MA
C. Mukondiwa (Chairperson)	8/8
B. Matamba	2/8
S. Michael	4/8
A. Daka	7/8
V. Muyambo	4/8
M. Kunaka	8/8
L. Nyajeka	4/8
S. Nyanhongo	4/8
C. Shonhiwa	4/8
T. Muwandi	5/8
T. Campbell	5/8
E. Rabvukwa	4/8
S. Chitehwe	2/8
O. Ndori	7/8
T. Mutsinze	2/8
E. Dhenhere	6/8
P. Mhembere	7/8
D. Shinya	4/8
C. Nyamuba	4/7*
G. Gwatiringa	2/8
T. Mukuku	3/5*

\*Joined during the year

## AUDITING AND PROFESSIONAL STANDARDS COMMITTEE

Committee Member	MA
D. Marange (Chairperson)	3/5
T. Mafunga	3/5
M. Kunaka	4/5
M. Debeer	4/5
A. Mushosho	3/5
D. Madhingi	0/5
C. Kadzimu	3/5
C. Kazembe	4/5
E. Bvurere	3/5
B. Matamba	0/5
F. Manyangadze	2/5
E. Antonio	4/5
F. Nyagwaya	3/5
S. Chitehwe	2/5
W. Mkumbuzi	3/5
E. Dhenhere	5/5
S. Mapindu	2/4*
C. Makokove	2/4*

*\*Joined during the year*

## MASHONALAND DISTRICT SOCIETY

Committee Member	MA
S. Mushosho (Chairperson)	8/9
S. Chitehwe	4/9
H. Nhende	9/9
J. Jonga	5/9
T. Mudidi	3/9
W. Mandisodza	3/9
F. Kamota	5/9
N. Mkwanzani	0/9
M. Kunaka	8/9
S. Mambanda	8/9
L. Makwasha	3/3*

## TAX AND OTHER LEGISLATION COMMITTEE

Committee Member	MA
H. Des Fontaine (Chairperson)	3/5
M. Lopes	5/5
E. Woneyika	5/5
L. Taruvinga	2/5
J. Chibwe	1/5
N. Forsgate	4/5
M. Ngorima	3/5
A. Makamure	2/5
R. Masaire	2/5
M. Gotora	2/5
T. Mavima	2/5
C. Muzerengi	1/5
S. Matoushaya	1/5
P. Cawood	4/5
D. Ngwenya	2/5
R. Shayahama	2/5
M. Kunaka	4/5
E. Shaw	4/5
E. Nyandoro	3/5
B. Beckley	1/1*
V. Ramabhai	3/4*
J. Rickard	3/3*

## MATABELELAND DISTRICT SOCIETY

Committee Member	MA
T. Chizana (Chairperson)	
S. Gwanzura	
B. Mpofu	
T. Campbell	
T. Siwela	
T. Muzvidziwa	
U. Mazengeza	
T. Mkhwananzi	



**UK CHAPTER**

Member	MA
T. Chikoore (Chairperson)	5/5
D. Mpunzi	5/5
I. Baptista	4/5
T. Nyaunzvi	4/5
T. Bwanya	4/5
G. Chanetsa-Mazarura	3/4*
M. Chawatama	1/1*

\*Joined during the year

**UAE CHAPTER**

Member	MA
B. Tapera (Chairperson)	11/11
G. Nengomasha	11/11
N. Denhere	11/11
P. Makava	10/11
F. Chitauro	11/11
B. Zimowa	10/11
T. Mukonavanhu	9/11
A. Denhere	8/11
D. Nyengera	7/11
S. Magumise	7/11
E. Makava	8/11

**SA CHAPTER**

Member	MA
T. Njikizana (Chairperson)	2/3
H. Choto	3/3
K. Makoni	3/3
P. Mawire	2/3
R. Mapaire	3/3

**CASS**

Member	MA
Natasha Dzomba (President)	10/10
Tinashe Mushosho (Vice President)	10/10
Ben Shava (Treasurer)	10/10
Tariro Charamba (Projects Coordinator)	10/10
Takudzwa Madzima (Projects Coordinator)	10/10
Talent Sanyamahwe (PR Officer)	10/10
Tendai Tshalibe (Secretary)	10/10
Alvin Manyemba	7/10
Albert Chimbo	7/10
Yolanda Makombe	10/10
Nyasha Kambarami	8/10
Nyasha Chokera	10/10
Regis Shangwa	8/10
Tapiwa Mhlanga	10/10
Tanyaradzwa Rwodzi	8/10
Russel Dube	8/10
Keith Elliot	8/10
Khulani Sigogo	8/10
Thandeka Mpumela	8/10
Farai Chipangura	9/10



# 06 PAST PRESIDENTS 1919 - 2016

P F Derry	1919		
F A Collins	1920		
R H Everett	1921	W M Brown	1931
R R Olver	1922	F Rixon	1932
A C Raymer	1923	C R Musto	1933
T J Rooney	1924	A Keay	1934
T J Rooney	1925	T E Speight	1935
R Olver	1926	E P Vernall	1936
F A Collins	1927	E P Vernall	1937
F A Collins	1928	W V Brown	1938
C J MacNaughtan	1929	C J MacNaughtan	1939
R R Olver	1930	P F Derry	1940

W E Scott-Russell	1941	P J Barnacle	1981
F A Collins	1942	T A Taylor	1982
C R Causton	1943	P L Bailey	1983
R Williamson	1944	J A Atkinson	1984
T B Rouse	1945	P Walters	1985
W J Underwood	1946	D J M Vincent	1986
W J Underwood	1947	M D Frudd	1987
C R Causton	1948	N Kudenga	1988
H V Fraser	1949	P W Fearnhead	1989
A Underwood	1950	E S Mangoma	1990
C R Musto	1951	T G Hooley	1991
A J L Lewis	1952	G Gomwe	1992
K M Lewis	1953	P Turner	1993
C R Causton	1954	M R Willis	1994
H B Hone	1955	D Benecke	1995
H B Hone	1956	B Ndebele	1996
WB Murray	1957	S J Hammond	1997
S G Harsant	1958	N Nyandoro	1998
L A W Hawkins	1959	M J R Dube	1999
B W S O' Connell	1960	C B Thorn	2000
A G H Walker	1961	J A Mushore	2001
R G Wurth	1962	D J Scott	2002
C F Buckland	1963	M T Kunaka	2003
A Underwood	1964	E W Bloch	2004
W A Duff	1965	D S Gwande	2005
A Underwood	1965	V L Ndlovu	2006
A J S Bosworth	1966	T L Gumbo	2007
A J L Lewis	1967	N P S Zhou	2008
M B Davies	1968	E Chisango (Mrs)	2009
C J Voss	1969	C Malunga	2010
B L Sedgewick	1970		
R J Hedley	1971	B Njikizana	2011
J F Irvine	1972	W Mupanguri	2012
C L Reed	1973	T Rwodzi	2013
E E Skeet	1974	B P Nyajeka	2014
E R Bradford	1975	R Chimanikire	2015
E E Skeet	1975		
C M W Mackay	1976		
J A Appleby	1977		
J W Morley	1978		
J C Roome	1979		
D J M Vincent	1980		



# 07 FINANCIAL STATEMENTS

for the year ended 31 May 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS ZIMBABWE**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINION**

We have audited the financial statements of the Institute of Chartered Accountants Zimbabwe ("the Institute") as set out on pages 36 to 57 which comprise the statement of financial position as at 31 May 2016, and 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 then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute of Chartered Accountants Zimbabwe as at 31 May 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Chartered Accountants Act (Chapter 27:02).

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Institute 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 Zimbabwe, 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.

#### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

The Institute incurred a net deficit of US\$102,731 in the prior year (current year, surplus of US\$36,087) which resulted in a negative equity position of US\$113,859 as at 31 May 2016 (2015: US\$149,946). At the same date the Institute also has a negative liquidity gap (current assets less current liabilities) of US\$455,326 (2015: US\$532,197). We draw your attention to note 20 where further details on going concern have been disclosed. As stated in Note 20, these events or conditions, along with other matters as set forth in Note 20, indicate that a material uncertainty exists that may cast significant doubt on the Institute's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The following summarises how the matter was addressed in the audit:

- We evaluated the Council Members' going concern assessment by challenging the underlying data used to prepare the forecast and the key assumptions applied within the Institute's cash flow forecasts for the next three years, paying particular attention to the 12 months to 31 May 2016;
- Our evaluation included an assessment of the viability of the underlying planned fundraising activities to improve operating cash flows, the impact of the International Federation of Accountants ("IFAC") arrangement and its effect on the timing of the Institute's cash flows (see Note 20);
- We performed audit procedures to identify events subsequent to the date on which the cash flow was prepared that could bear on the reliability of the cash flow forecast; and
- We have considered the adequacy of going concern disclosures as set out in Note 20.

We considered the conclusion reached by the Institute to prepare the financial statements on the basis of a going concern, and the resultant disclosures, to be appropriate.

## KEY AUDIT MATTERS

We summarise below the matters that had the greatest effect on our audit, our key audit procedures and our findings from those procedures in order that the Institute's members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our audit opinion on the Institute financial statements.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>Pending tax cases, provisions and contingent liabilities</b>	
<p>The following tax matters affecting the Institute arose in prior year:</p> <ul style="list-style-type: none"> <li>• Discovery of omissions and inaccuracies in recording of Zimbabwe Revenue Authority (ZIMRA) obligations pertaining to prior periods; and</li> <li>• The Institute was deemed liable to pay VAT.</li> </ul> <p>The recognition of these tax obligations in prior year had a significant financial impact on the Institute's financial performance and position. Additional charges were levied in the current year relating to the same prior periods.</p> <p>The level of judgement required to recognise and accurately measure provisions increases the risk that provisions and contingent liabilities may be inappropriately provided for or inadequately disclosed.</p> <p>The disclosures relating to provisions and contingent tax liabilities are contained in Note 11 and Note 22 respectively.</p>	<p>– Our audit procedures focused on:</p> <ul style="list-style-type: none"> <li>• Meeting with the Members of the Council of the Institute and having direct discussions regarding material cases;</li> <li>• Examining the correspondence between the Council Members and the Revenue Authority and discussing the status of negotiations with them; and</li> <li>• Assessing the impact of the communications in the context of the adequacy of provisions recognised and appropriateness of disclosures in the financial statements.</li> </ul> <p>We found the recognition, measurement and disclosure of provisions and contingent liabilities to be reasonable in the circumstances.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowance for impairment on members' subscriptions receivable balances</b></p>	
<p>As reflected in note 8, the Institute had US\$866,864 in membership subscriptions receivable as at 31 May 2016. Balances amounting to US\$321,842 were past due but not impaired.</p> <p>The decision supporting that position was based on the following judgements:</p> <ul style="list-style-type: none"> <li>• There were no significant changes in the credit quality of the respective accounts, from the date the subscription was recognised to reporting date, based on review of the past payment history of the members; and</li> <li>• Future cash flows are expected on these balances based on historic loss experience and steps undertaken by the Council Members to recover the outstanding balances.</li> </ul> <p>As disclosed in note 4.1(b), the key assumptions applied in the determination of the allowance for impairment losses on members' subscriptions comprise the following:</p> <ul style="list-style-type: none"> <li>• An average recovery rate determined based on historical loss experience is applied on current year members' subscriptions receivable; and</li> <li>• 100% impairment allowance on balances receivable from members listed for deregistration as a result of noncompliance with the Institute's bylaws.</li> </ul> <p>This area is therefore considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>– We reviewed members' payment history to confirm adherence to the terms and conditions of membership.</li> <li>– We assessed and challenged the assumptions made by Council Members on the recoverability of selected accounts receivable. This involved assessment of the members' ability to meet the obligations over time.</li> <li>– We tested a selection of accounts receivable through verification of subsequent receipts.</li> <li>– We challenged the appropriateness of Council Members' key assumptions used in the calculations for impairment allowance on members' subscriptions. This involved assessing key assumptions for appropriateness in the context of external data and prior experience.</li> </ul> <p>We found that the Council Members applied sensible judgements in assessing the adequacy of the allowance for impairment losses on members' subscriptions.</p>

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition</b>	
<p>Due to a high risk of members defaulting in paying subscriptions and the current economic environment characterised by liquidity challenges, revenue recognition is an area requiring Council Members to make significant judgements whether subscriptions billed represent consideration receivable. Revenue may be recognised on subscriptions that might not be recoverable.</p> <p>As a result of the significance of the Institute's revenue balance, and the timing of revenue recognition, this was considered to be a key audit matter.</p> <p>The revenue recognition policy is disclosed in note 2.14, and revenue recognised is disclosed in Note 12.</p>	<ul style="list-style-type: none"> <li>– We updated our understanding of the revenue recognition process, performed walkthroughs of the revenue classes of transactions and evaluated the operation of internal controls set in this area.</li> <li>– Recalculating the revenue using data analytical methods.</li> <li>– We challenged Council Members' assumptions in respect of cash flow estimates, focusing on the timing and assessed whether the revenue recognition policies adopted were in compliance with IFRS. We evaluated whether the revenue recognition model is working as intended.</li> <li>– We evaluated whether the assumptions used by the Council Members regarding probability of the recovery of members' subscriptions billed were comparable with trends established in the past, and were appropriate in the circumstances.</li> </ul> <p>We found the revenue recognition criteria for the revenue streams to be in accordance with the applicable accounting standard and to be fairly accurate. We therefore concluded that measurement of revenue is in accordance with IFRS requirements.</p>

## OTHER INFORMATION

The Council Members are responsible for the other information. The other information comprises the Message from the President and Report of the Council, which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We confirm that we have not identified any such inconsistencies or misleading statements.



## RESPONSIBILITIES OF THE COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

The Council Members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Chartered Accountants Act (Chapter 27:02), and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council Members are responsible for assessing the Institute'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 the Council Members either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

## 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.
- Conclude on the appropriateness of the Council Members' 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 Institute'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 auditors' report. However, future events or conditions may cause the Institute 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 the Council Members 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 Council Members 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.

From the matters communicated with the Council Members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Brian Mabiza.



**DELOITTE & TOUCHE**

Per Brian Mabiza  
Partner  
Registered Auditor  
05 July 2016

# Statement of Financial Position

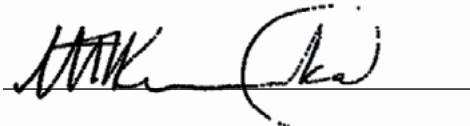
as at 31 May 2016

	Note	2016 US\$	2015 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	259,361	285,177
Intangible assets	6	70,720	90,294
		<u>330,081</u>	<u>375,471</u>
<b>Current assets</b>			
Inventories	7	6,485	-
Accounts receivable	8	298,108	584,315
Financial assets at fair value through profit or loss	9	1,159	1,655
Cash and cash equivalents	10	195,258	292,667
		<u>501,010</u>	<u>878,637</u>
<b>Total assets</b>		<u><u>831,091</u></u>	<u><u>1,254,108</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated deficit		<u>(113,859)</u>	<u>(149,946)</u>
<b>Current liabilities</b>			
Accounts payable	11	<u>944,950</u>	<u>1,404,054</u>
<b>Total reserves and liabilities</b>		<u><u>831,091</u></u>	<u><u>1,254,108</u></u>



**R. CHIMANIKIRE (PRESIDENT)**

Date: 5 July 2016



**M.T. KUNAKA (CHIEF EXECUTIVE OFFICER)**

## Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 May 2016

	Note	2016 US\$	2015 US\$
Revenue	12	1,771,453	1,300,674
Administrative expenses	13	(2,016,563)	(1,667,390)
Other income	15	302,829	266,063
<b>Operating surplus / (deficit)</b>		<b>57,719</b>	<b>(100,653)</b>
Finance income	16	932	3,419
Finance costs	16	(22,564)	(5,497)
Surplus / (deficit) for the year		36,087	(102,731)
Other comprehensive income for the year		-	-
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>36,087</b>	<b>(102,731)</b>

## Statement of Changes in Reserves

for the year ended 31 May 2016

	<b>Accumulated Fund US\$</b>
Accumulated deficit at 1 June 2014	(47,215)
Total comprehensive deficit for the year	(102,731)
Accumulated deficit at 31 May 2015	<u>(149,946)</u>
Total comprehensive surplus for the year	36,087
Accumulated deficit at 31 May 2016	<u><u>(113,859)</u></u>

## Statement of Cash Flows

For the year ended 31 May 2016

	<b>2016</b> <b>US\$</b>	<b>2015</b> <b>US\$</b>
<b>Cash flows from operating activities</b>		
Surplus / (deficit) for the year	36,087	(102,731)
Adjustments for:		
Depreciation of property and equipment	42,360	42,813
Amortisation of intangible assets	19,574	26,475
Loss on disposal of property and equipment	1,150	10,474
Net finance income	(912)	(2,100)
Fair value adjustment in financial assets at fair value through profit or loss	496	-
	<u>98,755</u>	<u>(25,069)</u>
<b>Changes in working capital:</b>		
(Increase) / decrease in inventories	(6,485)	895
Decrease / (increase) in accounts receivable	286,207	(381,283)
(Decrease) / increase in accounts payable	(459,104)	581,982
	<u>(80,627)</u>	<u>176,525</u>
Cash (utilised in) / generated from operations	(80,627)	176,525
Finance costs	(20)	(1,319)
	<u>(80,647)</u>	<u>175,206</u>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(17,694)	(17,387)
Acquisition of intangible assets	-	(4,995)
Finance income	932	3,419
Net cash used in investing activities	<u>(16,762)</u>	<u>(18,963)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	-	(7,445)
	<u>(97,409)</u>	<u>148,798</u>
Net (decrease) / increase in cash and cash equivalents	(97,409)	148,798
Cash and cash equivalents at the beginning of the year	<u>292,667</u>	<u>143,869</u>
Cash and cash equivalents at the end of the year	<u><u>195,258</u></u>	<u><u>292,667</u></u>



# Notes to the Financial Statements

for the year ended 31 May 2016

# Notes to the Financial Statements

## for the year ended 31 May 2016

### 1 GENERAL INFORMATION

The Institute of Chartered Accountants of Zimbabwe ("the Institute") is a statutory body incorporated under the Chartered Accountants Act (Chapter 27:02). It is the foremost accountancy body in the country and is a member body of the International Federation of Accountants ('IFAC') and the Pan African Federation of Accountants ('PAFA').

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis of preparation and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS").

The financial statements are based on statutory records that are maintained under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institute's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 to the financial statements.

#### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

##### 2.2.1 Accounting standards and interpretations adopted impacting the annual financial statements

The Institute did not adopt any new or revised accounting standards or interpretations in the current year that would have had an impact on the amounts or disclosures reported in these financial statements.

- IAS 19 Employee Benefits-clarifies how an entity should account for contributions made by employees or third parties to the defined benefit plans (applicable to annual periods beginning on or after 1 July 2014).

##### Annual Improvements to IFRSs 2010-2012 Cycle

- IFRS 2 Share-based Payment – clarifies the definition of vesting condition and market condition. It also adds definitions for 'performance condition' and 'service condition' which were previously included as part of the definition of 'vesting condition'. (effective for annual periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – clarifies that contingent consideration should be measured at fair value at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of IFRS 9 or IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognised in profit and loss. (effective for annual periods beginning on or after 1 July 2014).
- IFRS 8 Operating Segments – requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly. (effective for annual periods beginning on or after 1 July 2014).
- IFRS 13 Fair Value Measurement – clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. (effective for annual periods beginning on or after 1 July 2014).
- IAS 16 and 38 Property Plant and Equipment and Intangible assets – clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. (effective for annual periods beginning on or after 1 July 2014).
- IAS 24 Related Parties - clarifies that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. (effective for annual periods beginning on or after 1 July 2014).



# Notes to the Financial Statements (cont...)

## for the year ended 31 May 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2.2 *New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year*

The following new or revised IFRSs were mandatorily effective and adopted by the Institute as at the end of the reporting period, but did not have a material effect on the current or previously reported financial performance or financial position.

##### **Annual Improvements to IFRSs 2011-2013 Cycle**

- IFRS 1 First Time Adoption of IFRS- clarifies which versions of IFRS can be used on initial adoption (Amends basis for conclusion only). (Effective for annual periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – clarifies that IFRS 3 does not apply to the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself). (Effective for annual periods beginning on or after 1 July 2014).
- IFRS 13 Fair Value Measurement – clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39, or,
- IAS 40 Investment Property - clarifies the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property). (Effective for annual periods beginning on or after 1 July 2014).

#### 2.2.3 *Impact of standards and interpretations in issue but not yet effective*

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective:

- IFRS 9 Financial Instruments-introduces new requirements for the classification and measurement of financial instruments. (Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted).
- IFRS 14 Regulatory Deferral Accounts- specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. (Effective for first annual IFRS financial statements with annual periods beginning on or after 1 January 2016).
- IFRS 15-Revenue from Contracts with Customers – establishes a single comprehensive model for entities to use on the accounting for revenue arising from contracts with customers. It will supercede the current revenue recognition guidance including IAS18 Revenue. (Effective for annual periods beginning on or after 1 January 2018 with earlier adoption being permitted).
- IFRS 11 Accounting for Acquisitions of Interest in Joint Operations- provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. (Effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 1 Presentation of Financial Statements- the amendments were a response to comments on the difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. (Effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - clarify that depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property plant and equipment and intangible assets, subject to exception in limited circumstances, on intangible assets. (Effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 41 – Amendments bringing bearer plants into the scope of IAS16 (effective annual period bringing on or after 1 January 2016)
- IAS 27 Equity Method in Separate Financial Statements -the amendments allow an entity to optionally account for investments in subsidiaries, joint ventures and associates in its separate financial statements, at cost; in accordance with IAS39 or IFRS9 and using the equity method. (Effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12, and IAS 28 Investment Entities: Applying the Consolidation Exception – clarifies issues that have arisen in the context of applying the consolidation exception for investment entities. (Effective for annual periods beginning on or after 1 January 2016).

## Notes to the Financial Statements (cont.)

for the year ended 31 May 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2.3 Impact of standards and interpretations in issue but not yet effective (cont...)

- IFRS 16 Leases – addresses issues raised by users on the need to record operating lease assets and related depreciation and interest expense. Previously, the operating lease contracts were recorded off balance sheet, with the lease payments being straight-lined over the lease period. (Effective for annual periods beginning on or after 1 January 2019).
- Revision on Investment Entities: Applying the Consolidation Exception, IFRS 10, IFRS 12, and IAS28 clarifies specific issues raised by users in applying the consolidation exceptions (Effective for annual periods beginning on or after 1 January 2016).
- Revision on IAS 12 Income Taxes – clarifies issues to do with deferred tax arising from debt instruments measured at fair value for accounting at cost for tax purposes, estimates for future taxable losses and utilisation of future asset tax utilisation (Effective for annual periods beginning on or after 1 January 2017).

#### Annual Improvements 2012-2014 Cycle (Effective for annual periods beginning on or after 1 January 2016)

- IFRS 5 Non-Current Assets Held for Sale – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 Financial Instruments Disclosure – Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 34 Interim Financial Reporting – Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.
- IFRS 9 Financial Instruments - Clarify that the high quality corporate bond used in estimating the discount note for post employment benefits should be denominated in the same currency as the benefits to be paid.

### 2.3 Foreign Currencies

#### 2.3.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Institute operates ('the functional currency'). The financial statements are presented in the United States Dollar ("US\$"), which is the Institute's presentation currency.

#### 2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss or other comprehensive income.

### 2.4 Property and Equipment

Property and equipment are stated at historical cost, less subsequent depreciation and impairment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis to allocate the cost of each asset to its residual value over its estimated useful life as follows:

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

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

#### 2.5 Intangible assets

Intangible assets comprise externally acquired computer software and are stated at historical cost, less subsequent amortisation and impairment.

Computer software costs recognised as assets are amortised over their estimated useful lives, ranging from 2 to 8 years.

#### 2.6 Impairment of non-financial assets

Assets that have indefinite useful lives, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.7 Financial assets

The Institute classifies its financial assets in the following categories: loans and receivables, and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as "accounts receivable" in the statement of financial position.

##### **2.7.1 Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date, that is the date on which the Institute commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Institute has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income as part of other income when the Institute's right to receive payments is established.

##### **2.7.2 Derecognition**

A financial asset is derecognised when the Institute loses control over the contractual rights that comprise the asset. A financial liability is derecognised when it is paid.

##### **2.7.3 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# Notes to the Financial Statements (cont..)

for the year ended 31 May 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7.4 Impairment of financial assets

The Institute assesses at each reporting date whether there is objective evidence that an asset or group of financial assets is impaired. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after initial recognition of the asset and prior to the reporting date (loss event) and that loss event has had an impact on the future cash flows of the financial asset that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Institute about the following loss events:

- a. Significant financial difficulty of the issuer or obligor;
- b. A breach of contract such as a default or delinquency in interest or principal payments;
- c. It becomes evident that the borrower will enter bankruptcy or financial re-organisation;
- d. The disappearance of an active market for that financial asset because of financial difficulty; and
- e. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - i. adverse changes in the payment status of borrowers in the portfolio; and
  - ii. national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Institute first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract. As a practical expedient, the Institute may measure impairment on the basis of an instrument's fair value using an observable market price.

### 2.8 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. "Net realisable value is the estimated selling price less estimated selling expenses.

### 2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise:

- cash in hand;
- deposits held at call and short notice; and
- balances with banks.

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates fair value.

### 2.10 Accounts receivable

Accounts receivable are amounts due from members' subscriptions, students' fees and other services provided for by the Institute. If collection is expected in one year or less (or in the normal operating cycle or if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Borrowings (continued)

Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### 2.12 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.13 Employee benefits

##### 2.13.1 Pension obligations

The Institute participates in a defined contribution plan. A defined contribution plan is a plan under which the Institute pays fixed contributions into a separate entity. The contributions are recognised as employee benefit expenses when due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Institute has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employees the benefits relating to employee service in the current and prior periods.

The Institute and employees also contribute to the National Social Security Authority Scheme (NSSA). This is a social security scheme which was promulgated under the National Social Security Act. The Institute's obligations under the scheme are limited to specific contributions as legislated from time to time.

##### 2.13.2 Termination benefits

Termination benefits are payable when the Institute terminates employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Institute recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

#### 2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Institute's activities. The Institute recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Institute and specific criteria have been met for each of the Institute's activity as described below:

##### 2.14.1 Subscriptions

Revenue from subscriptions is recognised on an accrual basis.

##### 2.14.2 Education programmes

Net income, comprising student fees received less direct expenses incurred, is recognised at the completion of the academic year to which it relates. At reporting date, fees received net of expenses incurred, in respect of the current academic year, are included in receivables or payables.

##### 2.14.3 Sales of services

Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transactions assessed on the basis of actual services provided.

## Notes to the Financial Statements (cont.)

for the year ended 31 May 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14.4 Interest income

Interest income is recognised on a time proportionate basis using the effective interest method. When a receivable is impaired, the Institute reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

#### 2.15 Fair value measurements and valuation process

Some of the Institute's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Institute makes use of market observable data to the extent that it is available. Where this is not available, the Institute uses third party qualified valuers to perform the valuation.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk management

The Institute's activities exposes it to a variety of financial risks, including the effect of changes in foreign currency exchange rates and interest rates. The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute.

Risk management is carried out by management under policies approved by the Council. Management identify and evaluate financial risks such as foreign exchange risk, interest risk, credit risk and investment of excess liquidity.

##### a) Market risk

##### i. Foreign exchange risk

The Institute is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the South African Rand ('ZAR').

Management aims to manage the Institute's foreign exchange risk against the functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Institute's functional currency.

At 31 May 2016 the Institute had the following exposures to foreign currencies:

- Bank balances –ZAR 1 325 632, carried at US\$ 83 954
- Receivables –ZAR 613 467, carried at US\$ 38 852

At 31 May 2016 if the US\$ had weakened/strengthened by 10% against the South African rand with all other variables constant, the effect on profit for the year would have been US\$ 11 107 higher/lower, mainly as a result of foreign exchange gains/losses on translation of the rand denominated bank balances and receivables.

##### ii. Price risk

The Institute is exposed to price risks arising from equity investments. Listed investments with a fair value of US\$ 1 159 are exposed to price risk but this exposure is within the Institute's risk appetite.

##### iii. Cash flow and fair value interest rate risk

The Institute's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Institute to cash flow interest rate risk which is partially offset by cash held at variable interest rates. Borrowings issued at fixed rates expose the Institute to fair value interest rate risk.

As the Institute's interest bearing assets do not generate significant amounts of interest, changes in the market interest rates do not have a significant direct effect on the Institute's income.

Accounts receivable and payable are interest free and have settlement dates within one year.

## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk management (continued)

##### b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. For banks and financial institutions, only well-established institutions with sound financial positions are used. Credit exposures are closely monitored for indications of impairment.

The Institute's exposure to credit risk by class of financial asset is as follows:

##### c) Liquidity risk

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Accounts receivable	298,108	584,315
Cash and cash equivalents	195,258	292,667
	<u>493,366</u>	<u>876,982</u>

The fair value of cash and cash equivalents and accounts receivable as at 31 May 2016 approximates the carrying amount.

Analysis by credit quality of financial assets is as follows:

Neither past due nor impaired

- Cash and cash equivalents

195,258	292,667
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Past due and not impaired

-Accounts receivable

293,207	124,948
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Past due and impaired

-Accounts receivable

545,022	169,738
---------	---------

## Notes to the Financial Statements (cont.)

for the year ended 31 May 2016

### 3.1 Financial risk management (continued)

#### c) Liquidity risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Institute manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the Institute may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. The Institute identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

A maturity analysis of the Institute's financial instruments as at 31 May 2016 is as follows:

#### d) Financial instruments by category

	<b>On demand and Less Than 1 Month US\$</b>	<b>From 1 to 6 Months US\$</b>	<b>From 6 to 12 Months US\$</b>	<b>More Than 12 months US\$</b>	<b>Total US\$</b>
<b>At 31 May 2016</b>					
<b>Assets</b>					
Accounts receivable (excluding prepayments)	293,207	-	-	-	293,207
Financial assets at fair value through profit or loss	1,159	-	-	-	1,159
Cash and cash equivalents	195,258	-	-	-	195,258
<b>Total assets</b>	<b>489,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489,624</b>
<b>Liabilities</b>					
Accounts payable	184,057	680,576	80,317	-	944,950
<b>Total liabilities</b>	<b>184,057</b>	<b>680,576</b>	<b>80,317</b>	<b>-</b>	<b>944,950</b>
<b>Liquidity gap</b>	<b>305,567</b>	<b>(680,576)</b>	<b>(80,317)</b>	<b>-</b>	<b>(455,326)</b>
<b>At 31 May 2015</b>					
<b>Assets</b>					
Accounts receivable (excluding prepayments)	124,948	452,587	-	-	577,535
Financial assets at fair value through profit or loss	1,655	-	-	-	1,655
Cash and cash equivalents	50,450	242,217	-	-	292,667
<b>Total assets</b>	<b>177,053</b>	<b>694,804</b>	<b>-</b>	<b>-</b>	<b>871,857</b>
<b>Liabilities</b>					
Accounts payable	136,390	1,237,818	29,846	-	1,404,054
<b>Total liabilities</b>	<b>136,390</b>	<b>1,237,818</b>	<b>29,846</b>	<b>-</b>	<b>1,404,054</b>
<b>Liquidity gap</b>	<b>40,663</b>	<b>(543,014)</b>	<b>(29,846)</b>	<b>-</b>	<b>(532,197)</b>

The liquidity gap will be covered by revenue from member subscriptions and education income.



## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 3.2 Capital risk management

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
<b>Assets as per statement of financial position</b>		
Loans and receivables		
Accounts receivable (excluding prepayments)	293,207	577,535
Cash and cash equivalents	195,258	292,667
	<u>488,465</u>	<u>870,202</u>
<b>Assets at fair value through profit or loss</b>		
Financial assets at fair value through profit or loss	1,159	1,655
Total	<u>489,624</u>	<u>871,857</u>
<b>Liabilities as per statement of financial position</b>		
Other financial liabilities at amortised cost		
Accounts payable	944,950	1,404,054

The Institute's objectives when managing capital (reserves) are to safeguard its ability to continue as a going concern in order to continue to provide benefits for members and other stakeholders. In order to maintain or adjust the capital structure, the Institute may adjust the amount of borrowings or investments it holds from time to time.

### 3.3 Fair value estimation

The carrying value of accounts receivable and payables are assumed to approximate their fair values. The fair value of financial instruments is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Institute for similar financial instruments.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

#### a) Useful lives of property and equipment

The Institute's management determines the estimated useful lives and related depreciation charges for its property and equipment. This estimate is based on projected lifecycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been sold.

#### b) Impairment on accounts receivable

The key assumptions applied in the determination of the allowance for impairment losses on members' subscriptions comprise the following:

- An average recovery rate determined based on historical loss experience is applied on current year members' subscriptions receivable; and
- 100% impairment allowance on balances receivable from members listed for deregistration as a result of noncompliance with the Institute's by-laws.

## Notes to the Financial Statements (cont.)

for the year ended 31 May 2016

### 5 PROPERTY AND EQUIPMENT

	<b>Land and buildings US\$</b>	<b>Motor vehicles US\$</b>	<b>Computer equipment US\$</b>	<b>Furniture and fittings US\$</b>	<b>Total US\$</b>
<b>As at year ended 31 May 2016</b>					
Opening net book amount	174,424	12,529	71,758	26,466	285,177
Additions	-	-	17,024	670	17,694
Disposals	-	-	(1,048)	(102)	(1,150)
Depreciation charge	(4,003)	(3,759)	(30,096)	(4,502)	(42,360)
<b>Closing net book amount</b>	<b>170,421</b>	<b>8,770</b>	<b>57,638</b>	<b>22,532</b>	<b>259,361</b>
<b>At 31 May 2016</b>					
Cost	200,100	61,300	131,572	45,655	438,628
Accumulated depreciation	(29,679)	(52,530)	(73,934)	(23,123)	(179,266)
<b>Net book amount</b>	<b>170,421</b>	<b>8,770</b>	<b>57,638</b>	<b>22,532</b>	<b>259,361</b>
<b>As at year ended 31 May 2015</b>					
Opening net book amount	178,427	41,373	75,996	25,281	321,077
Additions	-	-	12,123	5,264	17,387
Disposals	-	(10,474)	-	-	(10,474)
Depreciation charge	(4,003)	(18,370)	(16,361)	(4,079)	(42,813)
<b>Closing net book amount</b>	<b>174,424</b>	<b>12,529</b>	<b>71,758</b>	<b>26,466</b>	<b>285,177</b>
<b>At 31 May 2015</b>					
Cost	200,100	61,300	118,408	45,093	424,901
Accumulated depreciation	(25,676)	(48,771)	(46,650)	(18,627)	(139,724)
<b>Net book amount</b>	<b>174,424</b>	<b>12,529</b>	<b>71,758</b>	<b>26,466</b>	<b>285,177</b>

Depreciation expense of US\$ 42,360. (2015: US\$42,813) has been charged in "administrative expenses" in the statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 6 INTANGIBLE ASSETS

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
<b>Computer software</b>		
Opening net book amount	90,294	111,774
Additions	-	4,995
Amortisation	(19,574)	(26,475)
<b>Closing net book amount</b>	<u>70,720</u>	<u>90,294</u>
Cost	139,389	139,389
Accumulated amortisation	(68,669)	(49,095)
<b>Net book amount</b>	<u>70,720</u>	<u>90,294</u>

Amortisation expense of US\$19,574 (2015: US\$26,475) is included in "administrative expenses" in the statement of profit or loss and other comprehensive income.

### 7 INVENTORIES

IFRS books and branded material	6,485	-
	<u>6,485</u>	<u>-</u>

## Notes to the Financial Statements (cont..)

for the year ended 31 May 2016

### 8 ACCOUNTS RECEIVABLE

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Member subscriptions	866,864	291,591
Less: allowance for impairment of member subscriptions	(545,022)	(169,738)
Member subscriptions - net	<u>321,842</u>	<u>121,853</u>
Winter School	-	452,587
Prepayments	4,901	6,780
Receivable from member firms	3,226	3,226
Staff debtors	11,913	10,071
	<u>20,040</u>	<u>472,664</u>
Less: Unallocated deposits	(43,774)	(10,202)
Other receivables - net	(23,734)	462,462
Total	<u><u>298,108</u></u>	<u><u>584,315</u></u>

The carrying amount of the accounts receivable approximates their fair value.

As at 31 May 2016, member subscriptions receivable of US\$321,842 (2015: US\$121,853) were past due but not impaired

The ageing of these receivables is as follows:

Greater than 90 days	<u>293,207</u>	<u>124,948</u>
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As at 31 May 2016, member subscriptions of US\$545,022 (2014: US\$169,738) were past due and impaired.

Movements on the provision for impairment are as follows :

At beginning of year	169,738	247,212
Provision for receivables impairment	375,284	53,595
Receivables written off during the year as uncollectible	-	(131,069)
At end of year	<u>545,022</u>	<u>169,738</u>

### 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Opening balance	1,655	1,655
Fair value adjustment	(496)	-
Closing balance	<u>1,159</u>	<u>1,655</u>

Listed securities comprise equities held through the Institute's asset managers and the fair value is based on their current bid prices on the Zimbabwe Stock Exchange.

## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 10 CASH AND CASH EQUIVALENTS

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Cash at bank and on hand	195,258	242,217
Short- term deposits	-	50,450
	<u>195,258</u>	<u>292,667</u>

### 11 ACCOUNTS PAYABLE

Amount due to:		
Public Accountants and Auditors Board	46,524	74,199
Accounting professional training	54,627	108,272
Member subscriptions paid in advance	93,622	49,979
Winter School	25,794	490,835
Social security costs	17,658	24,372
Accrued expenses	88,487	13,564
Leave pay	33,793	29,846
Deferred revenue	78,330	117,466
Other payables	77,914	24,255
Taxation accrual	428,201	471,266
	<u>944,950</u>	<u>1,404,054</u>

### 12 REVENUE

Membership subscriptions and levies	1,232,360	825,407
ZCTA, UNISA and QE examination commissions	539,093	475,267
	<u>1,771,453</u>	<u>1,300,674</u>

## Notes to the Financial Statements (cont.)

for the year ended 31 May 2016

### 13 ADMINISTRATIVE EXPENSES

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Audit fee - UNISA certification	5,950	5,751
Legal fees	4,164	4,539
Computer costs	43,740	50,960
Depreciation and amortisation	61,934	69,288
Loss on disposal of property and equipment	1,150	10,474
Continuing professional development costs	23,250	17,456
Consulting fees	71,984	32,106
Motor vehicle expenses	14,524	15,991
Travelling, conferences and seminars	37,519	95,614
Subscriptions	44,870	5,000
Telephone and postage	33,376	44,395
Assessor training costs	8,404	8,325
Employee benefit expenses (note 14)	620,745	635,624
Provision for impairment of receivables	375,284	53,595
Public Accountants and Auditors Board levies	122,380	86,106
Education costs	117,213	205,424
Repairs and maintenance	13,118	19,793
IFRS handbooks	16,010	14,679
Printing and stationery	15,092	9,938
Canteen and housekeeping expenses	24,578	21,925
Graduation costs	16,930	13,263
Bank charges	23,565	22,819
General expenses	19,025	24,227
Taxation accrual	154,123	100,729
Public relations costs	107,419	67,052
Occupational costs	14,916	13,969
Other costs	25,300	15,348
	<u>2,016,563</u>	<u>1,667,390</u>

## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 14 EMPLOYEE BENEFIT EXPENSES

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Wages and salaries	559,842	576,476
Pension costs		
- NSSA	15,257	11,256
- Old Mutual Life Assurance	45,646	47,892
	<u>620,745</u>	<u>635,624</u>

### 15 OTHER INCOME

Bad debts recovered	1,684	-
Public relations	50,026	27,688
Photocopying income	17,517	20,029
Accounting professional training	74,479	36,354
Continuing professional development	29,161	17,245
Other income	129,962	164,747
	<u>302,829</u>	<u>266,063</u>

### 16 FINANCE INCOME AND COSTS

Finance income:		
- Interest income on short term deposits	932	3,419
Finance costs:		
- Interest expense	(20)	(1,319)
- Net foreign exchange losses	(22,545)	(4,178)
Total finance costs	<u>(22,564)</u>	<u>(5,497)</u>
Net finance costs	<u>(21,632)</u>	<u>(2,078)</u>

## Notes to the Financial Statements (cont.)

for the year ended 31 May 2016

### 17 RETIREMENT BENEFIT OBLIGATIONS

#### The Institute of Chartered Accountants of Zimbabwe Pension Fund

Both employees and the Institute contribute to a defined contribution plan which is administered by a separate board of trustees. This fund is subject to the Pension and Provident Funds Act (Chapter 24:09).

#### National Social Security Authority (NSSA) Scheme

The Institute and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The Institute's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions to the schemes, recognised in profit or loss were as follows:

	<b>2016</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
The Institute of Chartered Accountants of Zimbabwe Pension Fund	45,646	47,892
NSSA	15,257	11,256
	<u>60,903</u>	<u>59,148</u>

### 18 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Salaries and other benefits	<u>261,069</u>	<u>284,568</u>
Loans to key management	<u>9,764</u>	<u>3,131</u>
Purchase of motor vehicle	<u>7,960</u>	<u>-</u>

### 19 CAPITAL COMMITMENTS

There were no capital commitments at reporting date (2015: US\$ nil).



## Notes to the Financial Statements (cont...)

for the year ended 31 May 2016

### 20 GOING CONCERN

The Institute has reported a surplus of US\$ 36 087 (2015: deficit US\$102 731) for the year ended 31 May 2016. However, as at that date:

- current assets were exceeded by current liabilities by US\$ 443 940 (2015: US\$525 417);
- there in a negative equity position of US\$ 113,859 (2015: US\$149 946); and
- the Institute recorded negative cash flows of US\$97 409 in the current year.

Whilst management have put in place measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Institute's ability to continue as a going concern and that, therefore, the Institute may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, after considering the uncertainties described above, management have a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following are some of the key initiatives in place that support the continued preparation of the Institute's financial statements on a going concern basis:

- The current economic environment continues to cause challenges and as such the Institute has entered into negotiations with its creditors for staggered payment terms. Management anticipates a positive outcome as some of these requests have been granted already.

As a result of the negotiations described above, management and the Council of ICAZ are confident that the Institute will be able to meet the mandatory payments on its liabilities as disclosed in note 11.

- In order to improve the operating cash flow under the current economic environment, the Institute is diversifying its sources of income and engaging in various activities to improve its financial flows. A project has already been taken up with IFAC to professionalise Public Sector Accountants.
- The Institute has commenced the process of negotiating new contracts with institutions such as Gordon Institute of Business Science (South Africa) and the University of Cape town (South Africa) to offer executive programs which will result in improved cash flows for the Institute.
- The Institute's cost structures have been reviewed in order to ensure that financial and operating activities are sustainable.
- Management are confident of members' commitment to support the Institute given that in the current year a supplementary billing was done in a bid to raise additional funds to settle obligations.

### 21 EVENTS AFTER THE REPORTING PERIOD

Management are not aware of any material events after the reporting date that may have a significant impact on the information contained in this report.

### 22 CONTINGENT LIABILITY

The Institute is subject to evaluation by tax authorities and to litigation including tax claims and employee disputes. These matters are inherently difficult to quantify. In appropriate cases, a provision is recognised based on best estimates and management judgement but there can be no guarantee that these provisions will result in an accurate prediction of the actual costs and liabilities will eventually be incurred.





**INSTITUTE OF CHARTERED  
ACCOUNTANTS OF ZIMBABWE**

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