

The Institute of Chartered
Accountants of Zimbabwe
Annual Report and
Financial Statements 2007

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*The Institute's mission is
to enhance the standing of
the qualification*

*CHARTERED ACCOUNTANT
(ZIMBABWE) for the benefit
of its members, to support
them in providing quality
services in the public
interest and to be seen as
leading players in the
business and accountancy
world.*

Registered Office:

2 Bath Road
Belgravia
HARARE

Council 2007/ 2008:

Presidency:	In Practice	Out of Practice
T.Gumbo	√	
NPS Zhou		√
E.Chisango	√	

Members:

M J-R Dube		√	
S Gwanzura	√		
F Kuipa	√		
G Langlois	√		
T Moyo		√	
W Mupanguri	√		
D J Scott	√		
C B Thorn		√	
S Turk			√
E W Bloch	√		
B Njikizana		√	
DS Gwande	√		
MA Harvey	√		
T Rwodzi	√		
C Mtasa		√	
C Malunga		√	
R. Chimankire	√		

Auditors: Ernst & Young

Bankers: Standard Chartered Bank Zimbabwe Limited

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State of the economy

The state of our economy has further deteriorated from where it was this time last year. We are all seeing and experiencing what is happening and consequently there is no need for me to repeat what we are all going through.

The unfortunate consequence to the people of Zimbabwe and the business sector is that the rest of the world is moving fast with the ever changing and challenging global environment while we are busy fighting and failing (so far) to get certain basics right.

We are ignoring domestic lack of or deterioration in basic infrastructure e.g. water, electricity, roads, sewage, telecommunications, transport, education etc. We are ignoring the impact of international problems on our economy e.g. power shortages, fuel prices & availability, global warming and its impact on agriculture etc. We are ignoring the impact of skills emigration (after spending so much money on education).

We are operating in a highly politically polarised economy and in the process are ignoring all else. We hope this will soon come to an end and the economy and its people move on integrated with the rest of the world.

■ Changes at ICAZ

The past 12 months have seen significant changes in the ICAZ structure and administration. The over expanded education department which offered degrees in all sorts of disciplines was dissolved as part of restructuring the Institute. The remaining units of the education department (now only dealing with Chartered Accountants students) from B Compt Accounting to qualifying students have been incorporated in the Registrar's department. This was aimed at focusing the resources of ICAZ to the training of Chartered Accountants.

The technical department now has 2 technical managers dedicated to supporting the technical committees of the Institute. This department had gone for a long time with no staff at this level. The department is taking part in some regional assignments with ESCAFA and SAICA which is good for ICAZ in the long term.

The IT section has been completely revamped over the last 12 months. We now have security and recovery measures with back up done daily, weekly, monthly and annually both on site and offsite. Anti-virus software is updated daily, internet bandwidth is now at 512k from the previous 128k to enable research in the technical department to take place conveniently. The website has been made more user friendly, more informative and is now managed internally. CPD hours can now be

recorded on the website by members themselves and the integrated database management system is underdevelopment and should be up and running by end of July.

To manage operating costs we vacated 26 Connought Road after we closed the education department and all ICAZ operations are from Number 2 Bath Road which ICAZ owns.

The number of employees has been reduced from 42 to 30 by a combination of retrenchments after rationalisation between the education and registrars department and not replacing non critical employees or combining posts on resignations. The reduced number is after recruiting 3 new staff members in the technical department.

It is sincerely hoped that all the changes referred to above will result in increased and improved service to students and members.

Technical Environment

▪Legislative

Unfortunately there has not been much in the area of legislative changes that affect the accountancy and auditing profession in the period under review. Our Companies Act has not been updated for a long time while International Financial Reporting Standards and International Standards as Auditing are changing and being reviewed on an ongoing basis.

Consumer Price Indices (CPI) which are important in our environment for financial reporting purposes come out late and in most cases way after they are needed.

The Income Tax Act still recognises historical cost financial statements without any restatement.

Generally our legal system has not been responsive to the realities of our economy (hyper-inflation) and to the developments taking place in the rest of the world as far as accounting and auditing standards and regulation are concerned.

▪Auditing Standards

The IFAC's clarity project continued in 2007 and is expected to be completed by the end of 2008. The scope of the project includes:-

▪ Establishing conventions to be used by the International Auditing and Assurance Standards Board (IAASB) in drafting future International Standards on Auditing (ISAs) and the obligations of auditors who follow those standards.

▪ Applying those conventions to all the ISAs, either as part of the substantive revision of an ISA or limited redrafting, to reflect only the conventions and matters of clarity generally.

ICAZ comments on exposure drafts released by IAASB through the Auditing and Professional Standards Committee. IFAC member comments on exposure drafts are important in developing standards that are globally effective and at the same time locally relevant.

The global accounting and auditing community has recognised the importance of small to medium sized entities (SMEs) in the world economy. This is evidenced by IFAC's issuing of a "Guide to using International Standards on Auditing in the Audits of SMEs" in 2007.

▪ Accounting Standards

A global IFRS leader has termed 2008 as a "peaceful" year in implementing IFRSs with the IASB adhering to its commitment not to require the adoption of new standards or any major amendments to existing standards before 1 January 2009. This was a welcome calm before the storm expected in 2009.

A major highlight for IASB in 2007 was the issuance of an exposure draft for small to medium entities. The aim of this project is to develop a simplified, self contained set of accounting standards that are appropriate for small non-listed entities. The proposed standard simplifies the full International Financial Reporting Standards. IASB invited comments on the exposure draft and ICAZ made submissions through ESCAFA.

The convergence programme which aims at aligning US GAAP and IFRS is in progress. The US GAAP is essentially rules based while the IFRSs are principles based. The convergence programme, together with the Global Accounting Alliance (GAAP) initiative of a research paper on the principles Vs rules debate will at the end of the day determine which direction future IFRSs will take.

▪ ESCAFA Matters

ICAZ successfully hosted the 35th Council of ESCAFA at the Meikles Hotel in Harare in September 2007.

▪ Continuing Professional Development (CPD)

This is an area which is receiving increasing attention globally in current years and both ICAZ and its members have to ensure that there is a working CPD programme. ICAZ will endeavour to ensure that relevant topics are identified and high quality presenters identified for the programme. The recording of CPD hours has already been simplified by making it possible for members to records their hours directly on the ICAZ website. The method of verification of recorded hours will continue to be reviewed and members will be advised of developments to ensure that whatever we do complies with International Education Standards for Professional Accountants 7 (IES7) - Continued Professional Development.

▪Practice Reviews

A number of firms were reviewed in the current reporting period under review. The Institute has made a decision to strengthen this area of its responsibility and this will be done as part of the overall strengthening of the technical department.

Registry Department

▪Members

Member type and location

The Institute currently had a total of 1513 registered members as of the 1st of April 2008. Their composition and geographical spread is as shown on the tables 1.3 & 1.4 below.

Member Type	2007/2008	2006/2007
M1 Non-practising	614	572
M2 Practising	104	98
M3 Inactive	33	31
LS1 Non-practising>60	47	49
LS2 Practising>60	17	18
LS3 Inactive>60	38	38
AM1 Absentee Non-practising	563	540
AM2 Absentee Practising	6	6
AM3 Absentee Inactive	18	18
ALS1 Absentee Non-practising>60	57	60
ALS 2 Absentee Practising>60	2	-
ALS3 Absentee Inactive>60	30	30
TOTAL	1529	1460

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Africa	1235	1163
Europe and Middle-East	164	178
Asia & Australia	70	66
America & Canada	60	53
Total:	1529	1460

Resignations and known deaths

Regrettably in the past year the Institute lost some of its members through resignations and deaths. Registered resignations came from Alistair Adamson, Norman Ronne, Steve Kinsey, Graham Mackenzie, Nigel Collier and Evelyn Hugget. We received a report of Barclay Cowper's death and his date of death in September 2007.

Student Accountants

The drive to increase student accountant number's continued during the year.

Two additional training offices, one each for training outside professional practice (TOPP) and training inside professional practice (TIPP) we accredited during the year.

This year we are also raising awareness in secondary schools about the profession and our team is finalising logistics on the project.

Education

B Compt Annual Report 2008

A total of 284 articulated clerks registered for the B Compt degree. Of these 226 are re-registrations while 58 are new students.

Overally when compared to last year's results this year's pass rate was not satisfactory, especially among the third year students.

However it is pleasing to note that the Audit Theory and Practice, Commercial Law, Taxation for Deceased and Insolvent Estates and the Practical Accounting and Data Processing modules in the second year had excellent results of 100% pass rate.

ZCTA

The Institute registered a total of 395 students by the end of May this year. 34 of these were registered for the Diploma in Accounting Science.

A total of 309 students wrote the December 2007 examination 81 passed giving a 26% pass rate. The supplementary examination was written by 129 students and a 35% pass rate was achieved.

Previous pass rates are as follows:-.

Year	2003	2004	2005	2006
% pass rate	39	48	57	38

Part I Qualifying Examination

The pass rate for Part I for the past five years was as follows:

Year	2003	2004	2005	2006	2007
% Pass Rate	44.6	37	51.3	42.1	36.5

Part II Examination (PPE - Auditing) (TIPP)

The pass rate for PPE for the past five years was as follows:

YEAR	2003	2004	2005	2006	2007
% Pass Rate	25.2	76.4	56.2	72.2	70.37

Part II Examination (Financial Management) (TOPP)

The pass rate for the past five years has been as follows:

YEAR	2003	2004	2005	2006	2007
% Pass Rate	100	70	44	50	22

The pass rate for TOPP students has been disappointing in the past 3 years. ICAZ is working with the training offices to try and address this problem.

Statement of Responsibility By Council

Council is responsible for the preparation and fair statement of the Financial Statements and the accuracy of the accompanying information contained in this report.

Council sets the Institute's policy and strategy and the Secretariat implements the policy, strategy accounting and information systems, as well as the systems of internal control. The internal financial controls provide a reasonable, but not absolute assurance that assets are safeguarded, the risk of error, fraud or loss is reduced in a cost-effective manner and that transactions are executed and recorded in accordance with the Institute's policies and procedures. The controls include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

Based on the above, to the best of their knowledge and belief, Council is satisfied that no material breakdown in the operation of the systems of internal control and procedures occurred during the course of the reporting year.

The external auditors are responsible for expressing an opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements are based on appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgement and estimates.

Council believes that the Institute is a going concern and continues to adopt the going concern basis in the preparation of the Institute's financial statements.

The financial statements were approved by Council on 26 June 2008 and are signed on Council's behalf by:

T. GUMBO
PRESIDENT

NPS ZHOU
SENIOR VICE PRESIDENT

Enterprise Governance Statement

Council, in the strategy being developed strives to attain a high level of conformance (through appropriate corporate governance structures) and also a high level of performance through the executive management. This approach encompasses the Institute's entire accountability framework, which includes corporate governance (*conformance*) on the one hand, and business governance or performance management (with emphasis on strategy and forward direction) (*performance*) on the other.

- **Corporate Governance**

The Institute is incorporated by The Accountants Act and Council is committed that the Institute complies with the best corporate practices. All Council members are independent of the Institute and currently Council is committing itself to establishing a good governance framework that is strategy and value creation focused.

Council meets every month and is responsible for the management of the affairs and businesses of the Institute. It is responsible for the establishment of Institute policy, strategy, operating and budget plans. The Presidium, whose members are all members of Council assists the Secretariat in the running of the Institute at a closer range.

Council makes decisions for the benefit of the Institute and exercises objectivity in so doing.

- **Business Governance**

The Institute's business governance or performance management is the responsibility of the Secretariat. The Secretariat is expected to use various business governance processes to create value to the Institute's members and stakeholders through resource utilisation.

This means the Secretariat has to have adequate resources at its disposal to achieve the required/ expected level of performance.

The whole process, once fully implemented through Council and the Secretariat working together should take the format shown below, which embraces the full functionality of our profession i.e. governance and competent management which creates value.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

REPORT OF THE INDEPENDENT AUDITORS

AND

AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2007

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

Report on the financial statements

We have audited the financial statements of The Institute of Chartered Accountants of Zimbabwe, as set out on pages 5 to 16.

Council Members' responsibility for the financial statements

The Institute's Council Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluation of the overall presentation of the financial statements.

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

The historical cost financial statements are represented for information purposes only.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of The Institute of Chartered Accountants of Zimbabwe as of December 31 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)

Harare

6 May 2008

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

1. GENERAL INFORMATION

The Institute of Chartered Accountants of Zimbabwe (ICAZ) or (the Institute) is incorporated under the Chartered Accountants Act (Chapter 27:02) and its

principal place of business is number 2 Bath Road, Belgravia, Harare. Its main objectives are to serve the interests of its members, students, society at large and promote the Chartered Accountancy qualification in Zimbabwe while upholding the international recognition of ICAZ. The financial statements of the institute for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the council members on

1.1 Currency

The Institute's financial statements are expressed in the currency of Zimbabwe which is the Institute's presentation and functional currency.

2. ACCOUNTING POLICIES

2.1 Currency

The financial statements are based on the accounting records that are maintained under the historical cost convention. Appropriate adjustments and reclassifications including restatement for changes in the general purchasing power of the Zimbabwe dollar for purposes of fair presentation in accordance with International Accounting Standard 29 (IAS29) "Financial Reporting in Hyperinflationary Economies" as described below. In terms of International Financial Reporting Standards, the inflation adjusted financial statements constitute the primary financial statements whilst the historical cost financial statements have been provided as supplementary information.

2.2 BASIS OF PREPARATION

2.2.1 Hyperinflation reporting

The financial statements are based on the historical cost convention and restated to take account of the effects of inflation in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" as described below.

IAS29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and the corresponding figures for the previous year be restated in the same terms. The restatement has been calculated by means of conversion factors derived from the Consumer Price Index prepared by the Zimbabwe Central Statistical Office. The indices and conversion factors used to restate the accompanying financial statements at 31 December 2006 are as follows:

Dates	Indices	Conversion	% Yearly movement
31 December 2007	441 490 130,80	1	66 312,3
31 December 2006	665 774,10	1 000	1 281,1
31 December 2005	48 205,60	13 8111	585,8

STATEMENT OF ACCOUNTING POLICIES (continued)

2.2.1 Hyperinflation reporting (continued)

The main procedures applied for the restatement are as follows:

Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for the previous year are restated in the same terms. Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the measuring unit current at the balance sheet date. Monetary items are money and items to be recovered or paid in money.

Non-monetary assets and liabilities that are not carried at amounts current at balance sheet date are restated by applying the relevant conversion factors.

Comparative financial statements are restated by using general inflation indices in terms of the measuring unit current at the latest balance sheet date.

All items in the income and expenditure account are restated by applying the relevant monthly, yearly average or year end conversion factors.

The effect of the net monetary position is included in the income and expenditure account as a monetary gain or loss.

2.2.2 Judgments, estimates and assumptions

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates made by management.

The estimates and underlying assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Property and Equipment

The Institute adopted the cost model for valuing its property and equipment. All property and equipment are therefore measured at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives as follows:-

Buildings	- 2,5%
Furniture and equipment	- 10%
Computers and printing equipment	- 20%
Motor vehicles	- 20%

The residual values and estimated useful lives are reviewed at each financial year end and where the residual value exceeds the carrying amount, no depreciation is charged.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE**STATEMENT OF ACCOUNTING POLICIES (continued)****2.4 Inventories**

Inventories are valued at the lower of weighted average cost and net realizable value.

2.5 Accounts Receivable

Accounts receivable are stated at cost less appropriate provisions for irrecoverable amounts.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and investments in money market instruments representing short-term, highly liquid investments that are readily convertible to known amounts of cash.

2.7 Revenue Recognition**2.7.1 Subscriptions**

Subscriptions are recognised in the financial year to which they relate. Subscriptions not paid at the end of the financial year are not accrued because, in terms of the Institute's by-laws, membership lapses once they remain unpaid for six months from the beginning of the financial year.

2.7.2 Education programmes

Net income, comprising student fees received less expenses incurred, is recognised at the completion of the academic year to which it relates. Accordingly, at balance sheet date, fees received net of expenses incurred, in respect of the current academic year, are included in current assets or current liabilities.

2.7.3 Interest

Interest is brought to account on an accruals basis.

2.8 Operating Leases

Operating lease costs are charged to the income statement on a straight line basis.

2.9 Foreign Currency

Transactions in foreign currency are recorded at the rate of exchange ruling at the transaction date. Monetary amounts and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are recognised in the income and expenditure account.

STATEMENT OF ACCOUNTING POLICIES (continued)

2.10 Pension and Retirement Plans

Retirement benefits are provided for eligible employees through an independently administered defined contribution pension fund and the National Social Security Authority. Contributions are charged to the income and expenditure account as they fall due.

2.11 Adoption of New and Revised Standards and Interpretations

In the current year, the Institute adopted all of the new and amended Standards and Interpretations issued by the International Accounting Standard Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting periods beginning on 1 January 2007.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2007

	INFLATION ADJUSTED			HISTORICAL COST	
	2007	2006		2007	2006
	\$	\$		\$	\$
		Restated			
OPERATING INCOME					
MEMBERSHIP					
SUBSCRIPTIONS					
AND LEVIES	181 078 246 817	264 778 146 509	14 886 982 086	70 423 328	
STUDENT ACCOUNTANTS					
Annual fees	64 593 039 249	58 670 026 866	3 554 912 600	13 027 923	
REGISTRATION FEES					
Student accountants	7 063 497 404	19 106 596 684	1 269 950 250	9 470 227	
Members	8 428 080 451	5 276 002 947	869 521 313	2 811 825	
COSTS RECOVERED					
Public Accountants and Auditors' Board	165 411 376	(1 134 662 529)	500 000	150 000	
Surplus on subscription for Zimbabwe					
Accounting standards	5 889 322 213	1 384 796 835	538 479 898	1 388 394	
Continuing professional development (net)	2 743 175 064	(1 357 612 863)	75 781 387	(3 979 708)	
(Loss)/Surplus on disposal of property and equipment	13 405 789 305	(1 644 838 438)	334 028 458	(3 482 730)	
Sundry income	90 133 902 209	35 849 672 967	3 108 199 377	25 954 093	
	-----	-----	-----	-----	
	373 500 465 088	380 928 128 978	24 638 355 369	115 763 352	
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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2007 (continued)

	INFLATION ADJUSTED				HISTORICAL COST			
	2007		2006		2007		2006	
	\$		\$		\$		\$	
			Restated					
EXPENDITURE								
ADMINISTRATION EXPENSES								
Audit fees	20 000 000 000		242 182 298		20 000 000 000		87 061	
Bank charges	968 484 103		2 386 720 612		65 649 343		744 761	
Computer costs	54 746 057 550		2 940 080 148		3 059 682 438		1 400 290	
Conferences and seminars	14 947 802 439		377 603 300		1 008 822 054		206 000	
Consultancy fees	3 834 573 567		871 919 340		180 989 951		448 600	
Insurance - general	700 899 738		251 934		6 408 005		95 486	
Legal expenses	1 334 696 926		429 143 624		346 914 000		382 675	
Canteen costs	11 836 636 914		6 433 883 391		989 163 394		3 587 523	
Teas and office cleaning	2 345 527 084		3 791 765 435		181 834 945		2 041 573	
Miscellaneous	18 961 075 748		9 350 124 464		3 625 017 761		8 010 173	
Motor vehicle expenses	52 275 007 969		21 136 461 860		7 076 246 985		13 766 270	
Postages and telephones	8 098 894 972		8 720 080 384		612 709 635		5 619 593	
Practice review costs (net)	(661 724 847)		322 168 621		(31 830 000)		201 875	
Printing and stationery (net recovery of costs)	(18 726 716 033)		10 349 347 516		(19 556 744 983)		1 778 124	
Public Accountants and Auditors' Board Levy	7 237 604 399		10 478 341 119		892 550 000		4 145 750	
Public relations	109 499 115 780		19 561 598 205		76 279 286 750		13 226 789	
Security	1 793 095 653		1 194 743 469		310 206 338		847 402	
Staff costs								
- basic salaries	72 748 850 459		56 963 576 787		15 059 146 463		35 345 973	
- other	51 728 034 152		42 860 171 966		8 033 776 826		23 003 806	
Subscriptions	2 869 239 026		10 963 877 311		71 855 996		2 517 407	
Travelling								
- local	3 762 870 340		1 539 409 772		397 925 904		978 022	
- other	299 988 255		244 755 080		4 242 487		163 313	
	420 600 014 194		211 409 476 636		118 613 854 292		118 598 466	

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2007 (continued)

	INFLATION ADJUSTED				HISTORICAL COST			
	2007		2006		2007		2006	
	\$		\$		\$		\$	
			Restated					
EXPENDITURE (continued)								
PREMISES AND EQUIPMENT								
Depreciation (Note 1)	80 805 656 901	25 224 832 653	334 795 257	1 892 707				
Electricity, water and rates	2 770 328 245	3 330 539 925	439 948 372	1 649 013				
Insurance	17 993 967 137	5 108 899 933	330 618 874	1 534 676				
Maintenance and equipment hire	12 329 886 054	32 293 762 550	1 317 962	23 458 931				
	-----	-----	-----	-----				
	113 899 838 337	65 958 035 061	2 403 324 886	28 535 327				
	-----	-----	-----	-----				
TOTAL EXPENDITURE	534 499 852 531	277 367 511 697	121 037 179 178	147 133 793				
	-----	-----	-----	-----				
(DEFICIT)/SURPLUS FOR THE YEAR BEFORE								
INTEREST INCOME AND CONTRIBUTION FROM EDUCATION	(160 999 387 443)	103 560 617 281	(96 398 823 809)	(31 370 440)				
CONTRIBUTION FROM EDUCATION DEPARTMENT								
Contribution from examinations	49 345 426 891	20 989 719 473	631 723 715	(186 781)				
Contribution from student training programmes	115 520 473 053	181 879 365 836	(11 162 277 384)	(38 638 913)				
	-----	-----	-----	-----				
	164 865 899 944	202 869 085 309	(10 530 553 669)	(38 825 694)				
	-----	-----	-----	-----				
Monetary loss	(559 367 437 167)	(480 711 311 380)	-	-				
INTEREST EXPENSE								
INTEREST INCOME	725 761 759 934	229 316 445 801	133 919 076 753	104 203 610				
	-----	-----	-----	-----				
NET SURPLUS FOR THE YEAR								
Transferred to accumulated funds	170 260 835 268	55 034 837 011	26 989 699 275	34 007 475				
	=====	=====	=====	=====				

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

BALANCE SHEET - 31 DECEMBER 2007

		INFLATION ADJUSTED				HISTORICAL COST											
		2007		2006		2007		2006									
		\$		\$		\$		\$									
				Restated													
NON CURRENT ASSETS																	
PROPERTY AND EQUIPMENT																	
	1	293	174	195	694	161	472	071	101	10	404	935	183	53	872	539	
CURRENT ASSETS																	
Cash on call	5	129	476	344	024	40	165	625	723	129	476	344	024	60	570	399	
Cash at bank and on hand		58	414	271	742	65	515	768	631	58	414	271	742	98	798	815	
Accounts receivable	2	21	166	143	156	11	745	899	426	21	166	143	156	17	713	002	
Inventories	3	47	884	739	878	28	526	259	355	17	362	180	376	15	597	603	
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		256	941	498	800	145	953	553	135	226	418	939	298	192	679	819	
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
TOTAL ASSETS		550	115	694	494	307	425	624	236	236	823	874	481	246	552	358	
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
CURRENT LIABILITIES																	
B' Compt education programme		10	909	356	393	29	122	677	830	10	909	356	393	43	917	460	
ZCTA education programme		20	604	093	742	24	417	615	766	20	604	093	742	40	865	033	
Other degrees education programme			37	430	500	34	339	000	871		37	430	500	51	783	756	
Accounts payable	4	178	247	940	605	49	490	291	783	178	247	940	605	74	632	143	
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
TOTAL LIABILITIES		209	798	821	240	137	369	586	250	209	798	821	240	211	198	392	
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
TOTAL NET ASSETS		340	316	873	254	170	056	037	986	27	025	053	241	35	353	966	
		=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
Representing:																	
ACCUMULATED FUNDS																	
At 31 December 2006		170	056	037	986	115	021	200	975		35	353	966		1	346	491
Transfer from income and expenditure account		170	260	835	268	55	034	837	011	26	989	699	275	34	007	475	
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
At 31 December 2007		340	316	873	254	170	056	037	986	27	025	053	241	35	353	966	
		=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
Signed on behalf of the Council																	

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

CASH FLOW STATEMENT FOR THE YEAR
31 DECEMBER 2007

	INFLATION ADJUSTED				HISTORICAL COST			
	2007		2006		2007		2006	
	\$		\$		\$		\$	
			Restated					
CASH FLOWS FROM OPERATING ACTIVITIES								
Net surplus for the year	170 260 835 268	55 034 837 011	26 989 699 275	34 007 475				
Adjustment for:								
Depreciation	80 805 656 901	25 224 832 653	334 795 257	1 892 707				
Interest income	(725 761 759 934)	(299 316 445 801)	(133 919 076 753)	(104 203 610)				
Interest expense	-	-	-	-				
(Profit)/loss on sale of property and equipment	(13 405 789 305)	1 644 838 438	(334 028 458)	3 482 730				
Operating (deficit)/surplus before working capital changes	(488 101 057 070)	(147 411 937 699)	(106 928 610 679)	(64 820 698)				
Increase in accounts receivable	(9 420 243 730)	(7 946 499 191)	(21 148 430 154)	(17 298 152)				
Increase in inventories	(19 358 480 526)	(11 646 848 069)	(17 346 582 774)	(14 097 180)				
(Decrease)/increase in B'Compt, Education programme	(18 213 368 638)	(18 932 829 768)	10 865 438 934	38 670 356				
(Decrease)/increase in ZCVTA education programme	(3 813 522 021)	(26 497 907 086)	20 563 228 712	35 305 648				
(Decrease)/increase in other degrees education programme	(34 301 570 372)	(11 756 161 438)	(14 353 256)	46 750 700				
Increase in accounts payable	128 757 648 822	17 057 106 877	178 173 308 462	71 090 815				
Net cash								

generated from
operating
activities

(444 450 593 535)	(207 135 076 374)	64 163 999 245	95 601 489
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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

CASH FLOW STATEMENT FOR THE YEAR

31 DECEMBER 2007 (continued)

	INFLATION ADJUSTED				HISTORICAL COST			
	2007		2006		2007		2006	
	\$		\$		\$		\$	
	Restated							
CASH FLOWS FROM OPERATING ACTIVITIES								
Purchase of property and equipment	(212 695 524 672)	(116 288 520 386)	(10 686 280 537)	(76 511 322)				
Proceeds from sale of property and equipment	13 201 007 449	38 497 701 981	336 039 306	18 464 348				
Interest income	725 761 759 934	229 316 445 801	133 919 076 753	104 203 610				
Net cash from investing activities	526 267 242 711	151 525 627 396	123 566 835 522	46 156 636				
NET INCREASE IN CASH AND CASH EQUIVALENTS	82 209 221 412	(55 609 448 978)	187 731 246 552	141 758 125				
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	105 681 394 354	161 290 843 332	159 369 214	17 611 089				
CASH AND CASH EQUIVALENTS AT END OF YEAR	187 890 615 766	105 681 394 354	187 890 615 766	159 369 214				
Cash and cash equivalents comprise:								
Cash on call	129 476 344 024	40 165 625 723	129 476 344 024	60 570 399				
Cash at bank	58 414 271 742	65 515 768 631	58 414 271 742	98 798 815				
	187 890 615 766	105 681 394 354	187 890 615 766	159 369 214				

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

1 PROPERTY AND EQUIPMENT

INFLATION ADJUSTED

	At 31 December 2006 \$	Additions \$	Disposals \$	At 31 December 2007 \$
COST				
Land	8 113 103 842	-	-	8 113 103 842
Buildings	77 666 854 620	-	-	77 666 854 620
Furniture and equipment	54 056 262 908	26 640 257 718	-	80 696 520 626
Computers and printing equipment	82 871 911 868	56 923 623 198	-	139 795 535 066
Motor vehicles	69 064 677 965	129 131 643 756	244 309 368	197 952 012 353
Study centre	19 639 388 921	-	-	19 639 388 921
TOTAL	311 412 200 124 =====	212 695 524 672 =====	244 309 368 =====	523 863 415 428 =====

	At 31 December 2006 \$	Charge for the year \$	Elimination on disposals \$	At 31 December 2007 \$
ACCUMULATED DEPRECIATION				
Land				
Buildings	19 105 620 371	1 941 671 366	-	21 047 291 737
Furniture and equipment	33 651 189 234	8 069 652 063	-	41 720 841 297
Computers and printing equipment	60 195 634 701	27 959 107 013	-	88 154 741 714
Motor vehicles	33 672 607 128	39 590 402 470	56 566 190	73 206 443 408
Study centre	3 315 077 589	3 244 823 989	-	6 559 901 578
TOTAL	149 940 129 023 =====	80 805 656 901 =====	56 566 190 =====	230 689 219 734 =====

	At 31 December 2006 \$		At 31 December 2007 \$
NET BOOK AMOUNT			
Land	8 113 103 842		8 113 013 842
Buildings	58 561 234 249		56 619 562 883
Furniture and equipment	20 405 073 674		38 975 679 329
Computers and printing equipment	22 676 277 167		51 640 793 352
motor vehicles	35 392 070 837		124 745 568 945
Study centre	16 324 311 332		13 079 487 343
TOTAL NET BOOK AMOUNT	161 472 071 101		293 174 195 694

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007 (continued)

1 PROPERTY AND EQUIPMENT

HISTORICAL COST

	At 31 December 2006 \$	Additions \$	Disposals \$	At 31 December 2007 \$
COST				
Land	257	-	-	257
Buildings	4 513	-	-	4 513
Furniture and equipment	26 175 465	147 899 400	-	174 074 865
Computers and printing equipment	20 677 014	6 592 356 005	-	6 613 033 019
Motor vehicles	2 347 405	3 946 025 132	535 856	3 947 836 681
Study centre	6 708 860	-	-	6 708 860
	-----	-----	-----	-----
TOTAL	55 913 514	10 686 280 537	535 856	10 741 658 195
	=====	=====	=====	=====

	At 31 December 2006 \$	Charge for the year \$	Elimination on disposals \$	At 31 December 2007 \$
ACCUMULATED DEPRECIATION				
Land	-	-	-	-
Buildings	931	113	-	1 044
Furniture and equipment	338 133	11 806 923	-	12 145 056
Computers and printing equipment	1 272 324	59 952 642	-	61 224 966
Motor vehicles	105 211	261 807 080	113 220	261 799 071
Study centre	324 376	1 228 499	-	1 552 875
	-----	-----	-----	-----
TOTAL	2 040 975	334 795 257	113 220	336 723 012
	=====	=====	=====	=====

	At 31 December 2006 \$	At 31 December 2007 \$
NET BOOK AMOUNT		
Land	257	257
Buildings	3 582	3 469
Furniture and equipment	25 837 332	161 929 809
Computers and printing equipment	19 404 690	6 551 808 053
motor vehicles	2 242 194	3 686 037 610
Study centre	6 384 484	5 155 985
	-----	-----

TOTAL NET		
BOOK AMOUNT	53 872 539	10 404 935 183
	=====	=====

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007 (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2007	2006	2007	2006
	\$	\$	\$	\$
		Restated		
2 ACCOUNTS RECEIVABLE				
Sundry debtors	16 634 753 983	10 600 122 053	16 634 753 983	15 985 152
Staff advances	4 531 389 173	385 874 202	4 531 389 173	581 904
The ICAZ Foundation Trust	-	759 903 171	-	1 145 946
	-----	-----	-----	-----
	21 166 143 156	11 745 899 426	21 166 143 156	17 713 002
	=====	=====	=====	=====
3 INVENTORIES				
Sundry consumables	177 401 251	6 102 587 645	64 322 633	3 336 776
Stationery	26 440 909 973	7 158 562 166	9 587 689	3 914 163
Printing	21 266 428 654	15 265 109 544	7 710 840 054	8 346 664
	-----	-----	-----	-----
	47 884 739 878	28 526 259 355	17 362 180 376	15 597 603
	=====	=====	=====	=====
4 ACCOUNTS PAYABLE				
Association of Fraud examiners District and Student Societies	2 482 808	180 061 487	2 482 808	271 536
Suppliers	1 871 727 790	247 011 912	1 871 727 790	372 498
Examination costs accrued	2 047 587 639	15 486 269 785	2 047 587 639	23 353 540
Staff leave accrued	-	5 580 289 072	-	8 415 164
Members fees paid in advance	1 883 538 714	4 090 873 705	1 883 538 714	6 169 102
Sundry creditors	20 544 723 050	19 311 427 848	20 544 723 050	29 121 939
	151 897 880 604	4 594 357 974	151 897 880 604	6 928 364
	-----	-----	-----	-----
	178 247 940 605	49 490 291 783	178 247 940 605	74 632 143
	=====	=====	=====	=====
5 CASH ON CALL INVESTMENT				
Investment at Fair value	129 054 311 372	951 813 074	129 054 311 372	1 435 349
Money market investment	422 032 652	39 213 812 649	422 032 652	59 135 050

129 476 344 024	40 165 625 723	129 476 344 024	60 570 399
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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007 (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2007	2006	2007	2006
	\$	\$	\$	\$
6 PENSION AND RETIREMENT FUNDS				
Contributions to pension and retirement funds:				
National Social Security Authority	186 699 433	1 358 412 476	25 021 746	742 754
Own defined contribution fund	7 155 668 082	13 579 809 302	959 013 656	7 425 175
	-----	-----	-----	-----
	7 342 367 515	14 938 221 778	984 035 402	8 167 929
	=====	=====	=====	=====

7 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel of the Institute during the year was as follows:

Short term benefits	53 901 720 817	17 755 391 363	12 252 884 884	26 775 411
	-----	-----	-----	-----

There were no outstanding loans from key management personnel at the year ended.

8 RISK MANAGEMENT**8.1 Credit risk**

The Institute's principal financial assets are bank balances, cash, trade and other receivables and investments. Bank balances, cash and investments are placed with high credit quality financial institutions. Its credit risk is primarily attributable to its trade and other receivables. These amounts are however presented in the balance sheet

net of allowance for doubtful receivables estimated by management. Credit risk arising from members not paying their subscriptions on time is managed by such members losing their membership.

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007 (continued)**

8 RISK MANAGEMENT (continued)

8.2 Interest rate risk

The Institute's policy is to adopt a non-speculative approach to interest rate risk management. Any amounts placed with financial institutions as investments are constantly monitored to ensure interest rates are optimized.

8.3 Fair values

The estimated net fair values of all financial instruments approximate the amounts shown in the financial statement.

Generally the affairs of the Institute are managed in a manner that minimizes the exposure of the Institute to various forms of risk. Whenever possible risk is transferred to third parties, for example, by adequately insuring the Institute's assets.

9 CONTINGENT LIABILITIES

The Institute is a party to a dispute with a former employee which is currently under arbitration. The arbitral award has not yet been made however any liability arising out of this matter is not likely to be material.