

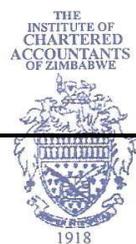


ANNUAL REPORT 2008

The Institute of Chartered Accountants of Zimbabwe

Registered Office

Integrity House
2 Bath Road
P.O.Box CY 1079
Causeway
Belgravia
HARARE



VISION

To be pre-eminent in Zimbabwe in the development and promotion of accountancy, auditing and good governance practices and influence in the advancement of business and economic resource utilization throughout the region

MISSION

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.

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STATUTORY INFORMATION

The Institute of Chartered Accountants of Zimbabwe was incorporated under the Accountants Act (Chapter20:02) in 1918

Council 2007/2008:

Presidency:	In Practice	Out of Practice
NPS Zhou		√
C Malunga		√
E Chisango	√	
 Members:		
S Turk		√
B Thorn		√
T Chikohora	√	
T Gumbo	√	
M Makaya	√	
S Gwanzura	√	
F Kuipa	√	
G Langlois	√	
T Moyo		√
W Mupanguri	√	
P Whata		√
T Chizana	√	
B Njikizana	√	
DS Gwande	√	
MA Harvey	√	
T Rwodzi	√	
R Chimanikire	√	
	14	6

Auditors: Ernst & Young

Bankers: Standard Chartered Bank Zimbabwe Limited

PRESIDENT'S REPORT

As my term comes to an end it is critical to look back and see how we responded to the insurmountable challenges and opportunities encountered. Frankly speaking my tenure as the president was somewhat hectic and challenging but through your unwavering support we managed to attain our key objectives.

When the 2008/9 term commenced, we set ourselves some of the following objectives:

- Uphold the ICA(Z) brand and profile to its members and the public,
- Improve communication with members,
- Strengthen the technical capability of the Institute and its support to members,
- Improve morale and effectiveness of the Secretariat,
- Improve the state of our finances,
- Raise the training standards and attain better academic achievements,
- Play a more active role in the affairs of our nation.

Attaining some of the above mentioned objectives was not easy but together we did it. It really demanded total commitment, unyielding dedication and maximum cooperation which you always render to your leadership. Well done colleagues.

The state of your Institute

The Institute has been alive and actively involved in the national issues. The Council met every month, at which issues from various committees were tabled and debated. The Management Committee comprising the Presidium and the Secretariat met monthly to follow up the decisions of the council. Various committees continued to meet with the Authorities especially on Taxation, Legislation, Economic issues and Technical issues of professional and national importance.

Towards the end of last year in October, the Institute held an Investor Conference at which investment opportunities and challenges in Zimbabwe were deliberated at. The convening of a conference of such a magnitude was timely hence it increased our impact to the community. It had a bearing factor on our relevance as the premier Accounting body in the nation.

Student Affairs

It became problematic to us all when UNISA cancelled our examination centre status. However, we strongly engaged them and laid down our facts until a consensus was reached. As a result UNISA restored Zimbabwe as an examination centre for our students.

Student's professional examinations continue to be properly handled. However the quality of examination passes is worrisome. As a former trainer myself, I believe that both the training offices and students can do more.

I should also wish to acknowledge the revival of Chartered Accountants Student Society. It held a sponsored walk on HIV/AIDS awareness in June 2009. This shows the commitment of our young stars. Well done guys.

Secretariat

Having one of our members as a substantive Chief Executive Officer has brought huge value. The administration has been professionalized. Our linkages with other Institutes and professional bodies have been greatly enhanced. The quality of the monthly newsletter and quarterly magazine bear testimony to this.

The secretariat of the Institute has done their best to support the activities and coordinate various events for the members and students throughout the year. Many thanks to the whole team ably led by Sonny Mabheju for leading and maintaining the activities of the Institute. I appeal to all the members to continue to support them.

Our strategic focus for the year

As part of our revival strategy, the presidium drove the Institute on the 3 key areas of focus:

- Member services,
- Student training,
- Technical matters.

By delivering on these areas, your Institute is set to restore the glow of our brand.

Technical Issues

At a technical level, I need to recognize the work done by our Accounting Practice Committee and Auditing and Professional Standards Committee on the challenges of reporting. They took technical leadership in this area to help businesses and their auditors on how to handle the audits and reports for the last year. The chronic inflationary climate and the adoption of multiple currencies was a challenge beyond imagination, but your technical committees came in handy.

In pursuit of strengthening the technical capability of the Institute and its support to members, we have engaged 2 technical managers to work with the CEO. There are plans to engage a Tax expert who can work closely with the Ministry of Finance and on Tax issues on behalf of our Institute. As the country corrects, Taxation is going to be critical thus the Institute should be there to render technical assistance when it is needed most. Business will call on us as the lead professional Accounting body for reliance and advise hence the plan to strengthen this area

Diaspora Members

In my last quarterly communication, I openly challenged those in the Diaspora get involved in any of the following:

- Market your country,
- Point investors home,
- Pool funds together and invest,
- Set-up Diaspora funds to invest back home,
- Participate in working parties, committees, business groupings to influence events back home,
- Lobby those you know, who can cause progressive and positive changes,
- Participate as part of Civic Society to cause the changes you wish for,
- Link back home and stay informed,

- For those out there, come home, to engage, work, invest and participate effectively in National correction

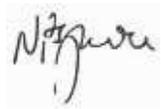
We are pleased with members in the Republic of South Africa and Cayman Islands members who have come together to set up chapters. We encourage those in other locations to do the same. For your information, 53% of our members are away from home so you are a big constituency. You indeed are ICA (Z) away from home so you matter a lot and that is why we urge you to be active.

Conclusion

I would like to take this opportunity to thank all our members who have been involved in the various activities of the Institute and helped the Institute in its activities and the growth for the year. Special thanks also go to those members on the various committees who spent their valuable time for the support of the Institute. Thank you the Secretariat for working tirelessly to promote and safeguard our brand CA (Z). Finally to the Presidium, I wish to salute you for the sterling work that you put into your Institute. It was indeed an honour and privilege to work with you. We became a good team together. To those whose contribution has been omitted by my report, I sincerely apologise. I encourage you all to support the new President as she undertakes her tasks. Madam President is only going to be as effective as you support her.

I thank you all and God bless you.

Glad to serve



NPS Zhou
ICAZ President

CHIEF EXECUTIVE OFFICER'S REPORT

GENERAL

The year 2008 came and went and most Zimbabweans wish the year never existed. The problems are known to all and need not be repeated.

As an Institute one great thing we did not do was to lose sight of our strategic objectives and as a result we had a very successful presidential year. Major areas we set ourselves to work on in the year included visibility of the Institute coupled with relevance and the normal operational obligations of provision of technical services and education. Visibility locally, regionally and internationally and relevance on the local market were driven mostly from the technical department and the registry. Increased visibility and relevance on the local market are on-going objectives which we are working on from all strategic angles like involvement in government initiatives, the public influence of curriculum at universities, assuming a leading role in technical issues affecting the accounting profession and the public. The Inclusive Government has brought opportunities for us to work with organizations like the World Bank and IMF in certain areas especially training for the benefit of the public. These opportunities are in the process of being identified by the Institute and will be followed up once strategic objectives have been agreed with all relevant stakeholders.

Our regional visibility is increasing with more participation on Eastern Central and Southern African (ESCAFA) issues. Our technical department contributed a lot in the development of the financial reporting framework for micro-entities which is being developed by ESCAFA for use in the whole region. The Institute is working closely and collaborating with other ESCAFA member bodies on various issues of common interest.

Our involvement with International Federation of Accountants (IFAC) standards setting boards improved significantly during the year with the technical department giving comments on various publications developed by bodies like the International Education Standards Board, International Ethics Standards Board for Accountants, International Auditing & Assurance Standards Board. Our contribution to the International Accounting Standards Board (IASB), responsible for developing International Financial Reporting Standards (IFRSs) was also significant with comments sent on the exposure draft for proposed IFRS for Small and Medium Sized Entities, which will be published anytime before the end of this year for use. We also sent comments on ED 10 – Considerations and the standard is also coming out anytime from now.

Our relationship with the South African Institute of Chartered Accountants (SAICA) is being consolidated with the following programs some of which are elaborated on further later in this report:-

- SAICA offering Continuing Professional Development to ICAZ members in South Africa on terms similar to their members.

- SAICA assisting in efforts by ICAZ to establish an ICAZ Diaspora Chapter in South Africa.
- Participation jointly by SAICA and ICAZ on the Thuthuka Training Programme which will be funded by the European Union. This will see Zimbabweans trained as Chartered Accountants with funding from the European Union.
- Participating in the changed method of training chartered accountants being initiated by SAICA. ICAZ will approach this with an open mind.
Having survived 2008 and the first half of 2009, the Institute can only grow in strength going forward as the economic outlook improves and Zimbabwe regains its rightful position globally.

TECHNICAL REPORT FOR THE YEAR 2008

The year 2008 was an extremely challenging one for accountants. The economy was characterized by chronic hyper inflation, cash and basic commodity shortages, capacity underutilization, liquidity problems and forex constraints. There was an inevitable move by the regulatory authorities to permit retailers to trade goods in forex in the last quarter of the year and a currency debasing initiative was done in August of the same year. Consequently there were serious International Financial Reporting Standards (IFRS) related challenges that members encountered like IAS 29 compliance which was hindered by the erratic supply of indices, fair value considerations and multiple exchange rates. As such ICAZ technical committees (Accounting Procedures Committee and Auditing & Professional Standards Committee) (APC and APSC respectively) embarked on various projects and initiatives with a view to guide and advise members appropriately. Detailed below are the activities of the committees and other initiatives by the technical department in 2008.

APC & APSC

Consumer Price Index (CPI) & IAS 29 Issues

Up until the last quarter of the year, this was the most topical issue in both APC & APSC. It should be pointed out that the latest official index from the Central Statistical Office (CSO) is for July 2008 and ICAZ members were increasingly finding it difficult to comply with IAS 29. For instance there were listed entities with September year ends who found it virtually impossible to release inflation adjusted financial statements to the public.

A sub-committee on CPI/IAS 29 that was in existence prior to 2008, met and deliberated several times in the year with a view to coming up with source guidance to members. The sub-committee comprised APC and APSC members. In August of 2008, a project was initiated by the sub-committee of generating an ICAZ index. Estimation of the index was done with the assistance of a renowned local economist. From further consultations done with the economist and from the economist's own admission, coming up with an index proved impossible as the fundamentals and inputs changed rapidly even on a daily basis. From 2009 onwards, the CPI/IAS 29 matter will cease to be topical since all entities are now trading in hard currencies and the environment ceased to be hyperinflationary.

Monitoring of Financial Statements

In line with its mandate, monitoring of financial statements by the Accounting Procedures Committee (APC) progressed satisfactorily. It is commendable that from the financial statement reviews done last year (2008), there were no material anomalies or errors to warrant re-reviews. It is also noteworthy to also mention that the reviews done in 2008 show that there is an increase in non listed entities being reviewed compared to the prior period. These non listed entities comprised banks and other public interest entities companies. In future the monitoring exercise will include parastatals since they apply full International Financial Reporting Standards.

Insurance & Pensions Related Matters

The committees (APC & APSC) were also proactive in proposing appropriate recommendations for the Insurance and Pension Industry. Representations were made to the Pensions and Insurance Commission by the Pension sub-committee and the Short Term and Life Insurance sub-committee. A meeting was convened in February 2008 where the Pensions sub-committee presented a report on the Unification of Financial Reporting Standards in the Pension Industry to the Pensions and Insurance Commissioner. The objective was to promote consistency and comparability amongst pensions and pension funds.

At a later meeting convened in June 2008 with the Pensions and Insurance Commissioner, the Sub-committee on short term and life Insurance proposed a number of recommendations for short term and life insurance companies. The most notable recommendation was that short term insurance companies adopt IFRS 4. As a result of the non existence of an IFRS or standard on long term insurance (life insurance), the sub-committee proposed the following so as to promote uniformity and comparability:

- For Actuarial Valuations, it would be ideal for an actuarial certificate to be included in the annual report. The certificate would contain the name and signature of the actuary.
- To standardize the presentation of the split between income from shareholders and policyholders it was recommended that net profit attributable to shareholders be shown after deducting policy holders funds.
- Premium Income to be shown net of Reinsurance and the details of the gross and reinsurance deducted, shown as a note disclosure.
- With regards to property revaluations it was deemed essential to disclose the assumptions, frequency of revaluation and the person/company who had carried out the revaluation.

At the time of writing this report, the two Insurance sub-committees were yet to receive feedback from the Pensions and Insurance Commissioner on the uptake of the recommendations by participants in the Insurance Industry. It has been informally established that the Commissioner has also written to insurance industry associations and representatives on the proposed recommendations from ICAZ.

Audit Opinions

Given the uncertainties that characterized the significant part of 2008, the two committees (APC & APSC) formed a joint committee whose objective was to provide appropriate guidance on the issue of audit opinions. The disfunctional economic environment increased the likelihood of ICAZ's Practicing members issuing inappropriate audit opinions, hence the need for guidance. This was also aggravated by the fact that towards the end of the year, the market was increasingly questioning the value of having audits for the 2008 financial year.

The joint committee convened several meetings in the last quarter of 2008. There were extensive and lengthy debates by the joint committee members in most of meetings. It is commendable that ICAZ practicing firms contributed significantly by going to the extent of consulting their international technical desks. Committee members came up with several drafts which formed the basis of the final guidance that was issued to the rest of ICAZ members in early 2009.

Banking & Finance

The APC's Banking and Finance sub-committee was also active with engaging and consulting banking stakeholders with a view to improve on the issues adversely affecting the banking industry. Since 2008, it has become standard practice that for all the meetings the sub-committee convenes, there has to be representation from the Reserve Bank of Zimbabwe besides representation from all the banks themselves.

The sub-committee was pre-occupied with a number of issues with valuations matters being the most topical. For instance there were divergent views on the valuation of 90 day treasury bonds since the bonds were attracting artificially low rates of interest and they were mandatory. There were two main equally valuable arguments, with one in favor of the bonds at cost and the other one prescribing impairment to zero since the bonds were denominated in Zimbabwe dollars. Given this scenario and the prevailing multi-currency environment it is crucial that the sub-committee comes up with a final position. Asset valuations issues also attracted considerable attention of the sub-committee. In line with recommendations from other sub-committees like the Insurance sub-committees, the Banking and Finance sub-committee also prescribed additional disclosure of estimates and assumptions for property revaluations.

Besides the above, there were other peripheral issues that the sub-committee considered like the CPI/IAS 29 and multiple exchange rates. Given the active involvement of the Reserve Bank in the sub-committee's initiatives, it was imminent that the banking and finance sub-committee recommended the use of the inter-bank rate for banking institutions.

IFAC ISSUES

Public Sector Outreach Programme

As prescribed by the International Federation of Accountants' (IFAC) Statements of Membership Obligations (SMO), ICAZ's technical department initiated a public sector outreach programme in 2008. It should be highlighted that the uptake and implementation of either IFRS or International Public Sector

Accounting Standards has been very minimal in Zimbabwe's public sector. The department managed to conduct three sessions on International Financial Reporting Standards on different occasions with the office of the Comptroller and Auditor-General. The objectives of the sessions were to enlighten and enhance appreciation of IFRSs by that office and also serve as a capacity building initiative. Given the involvement of the Deputy Auditor-General in ICAZ's Auditing & Professional Standards Committee it was imminent that public sector outreach programme begins with the office of the Comptroller & Auditor-General. In the ensuing year, it is envisaged that other government departments like the Accountant General's Office and the Ministry of Finance will be covered. For these strong, emphasis will be on International Public Sector Accounting Standards (IPSAS). The Urban Development Corporation (UDCorp) which audits most local authorities will also be targeted in 2009. It is however important to note that all these public sector outreach programmes will need a significant amount of funding for them to be effective.

Approval of Action Plan

In 2008 ICAZ drafted an Action Plan which was approved and endorsed by the International Federation of Accountants (IFAC) in the first quarter of 2009. The Action Plan is a detailed plan which explains and elaborates on the various technical programmes and initiatives that ICAZ is doing and will embark upon, for each of the seven IFAC Statement of Member Obligations (SMO). It is a requirement that each of the IFAC member bodies and associates to come up with an action plan and implement it.

Approval of the Action Plan is a major milestone, given the fact that the majority of the member bodies have not had their Action Plans approved by IFAC. Implementation of the Action Plan is an ongoing exercise and IFAC has a keen interest in such implementation. The technical performance will therefore be under continuous assessment. The ICAZ Action Plan can be viewed on the IFAC website.

IAASB Clarity Project

The International Auditing and Assurance Standards Board (IAASB) recognizes that standards need to be understandable, clear, and capable of consistent application. These aspects of clarity serve to enhance the quality and uniformity of practice worldwide.

In 2004, the IAASB began a comprehensive program to enhance the clarity of its International Standards on Auditing (ISAs). This program involved the application of new drafting conventions to all ISAs, either as part of a substantive revision or through a limited redrafting, to reflect the new conventions and matters of clarity generally.

In February 2009, the Clarity Project reached its completion when the Public Interest Oversight Board approved the due process for the last several clarified ISAs. Auditors worldwide now have access to 36 newly updated and clarified ISAs and a clarified International Standard on Quality Control (ISQC).

All clarified ISAs will be effective for audits of financial statements for periods beginning on or after December 15, 2009.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) ISSUES

Management Commentary

In June 2009 the International Accounting Standards Board (IASB) published for public comment a proposed non-mandatory framework to help entities prepare and present a narrative report, often referred to as “management commentary”. Management commentary is an opportunity for management to outline how an entity’s financial position, financial performance and cash flows relate to management’s objectives and its strategies for achieving those objectives.

The proposals draw upon international best practice in the preparation and presentation of management commentary. The IASB believes that providing non-mandatory guidance will improve the consistency and the comparability of management commentary across jurisdictions.

IFRS 2

In June 2009 the International Accounting Standards Board (IASB) issued amendments to IFRS 2 Share-based Payment that clarifies accounting for group cash-settled share-based payment transactions.

IFRS For SME

In February 2007 the IASB issued an [Exposure Draft \(ED\) of an International Financial Reporting Standards for Small and Medium-sized Entities](#) (IFRS for SMEs) and the comment period for the ED ended 30 November 2007. This project is now complete and the standard will be produced anytime before the end of 2009.

PRACTICE REVIEWS

In line with quality reviews amongst practicing members and as a mode of ensuring compliance, ICAZ is mandated to conduct practice reviews on its practicing members and their firms. With regards to practice reviews there was subdued activity in the period under review. This scenario was necessitated by the need to revamp ICAZ’s practice reviews processes and systems in line with International best practice. In October 2008, a manual for practice reviews was finalized. The manual will serve as a guide and reference for technical personnel engaged in practice reviews. The manual incorporates practices from the Independent Regulatory Board for Auditors (IRBA) in South Africa, Guide to Quality Control for Small and Medium Sized Practices issued by the International Federation of Accountants and best practices from other audit regulatory bodies. The reviews are now taking place.

SPECIAL INVESTIGATIONS

Only one special investigations assignment was referred to the department to conduct during the year.

PUBLICATION OF ICAZ'S MAIDEN HANDBOOK

The period under review also saw ICAZ coming up with a comprehensive Members Handbook. Though the project was largely an initiative of the technical department, other departments within the Institute contributed. Prior to the publication a lot of consultations were held with IFAC particularly on ethics as the handbook has an entire section on ethics and ICAZ has wholly adopted the IFAC Code of ethics. It is envisaged the content will increase in subsequent years as changes in pronouncements in accounting, auditing, ethics and education standards continue to be made globally, regionally and locally.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

Compliance

With the alarming increase in change around us, it is of paramount importance that members invest time in self-development. This is not an ICAZ requirement and is not unique to ICAZ only, but an accounting profession requirement endorsed by IFAC. For ICAZ to meet this requirement, Council, in January 2004, agreed that CPD shall be compulsory to all members regardless of sector or size of business which a member operates, practising or non-practising. The CPD requirement is "120 hours over a 3 year period and 20 verifiable hours per annum" and ICAZ's second cycle started on 1 January 2007 and will end on 31 December 2009.

During 2008, despite the reminders that were sent to all members requesting them to record their CPD through the ICAZ website that had been reconstructed to meet members' needs, only 40% of the membership responded to this call and recorded their CPD hours. Although members are already engaged in professional development by virtue of attending numerous seminars, reading and studying, it is imperative that members record their hours with the Institute (ICAZ) for ease of monitoring.

The CPD committee reviewed the claimable hours for quite a number of activities and also approved the issue of technical and non-technical CPD as follows:

- The Institute will focus mainly on technical seminars/issues.
- Non-Technical CPD will be provided by Societies (Mashonaland and Matebeleland societies) and other bodies such as Institute of Directors, Confederation of Zimbabwe Industries etc that focus on non-technical issues.
- The total claimable hours for the three-year cycle should consist of 30% of technical seminars attended.

The CPD committee also noted that some members studying MBA in different disciplines were claiming significant number of CPD hours. Consequently the committee decided to set maximum claimable hours as follows:

- Members studying MBA in Accounting and Finance disciplines will claim a maximum of 40 hours per year.
- Members studying MBA in non financial and non accounting fields will claim a maximum of 24 hours a year.

The responsibility for developing and maintaining competence rests primarily with each member. The Institute assists members in meeting their CPD requirements by providing a range of seminars dealing with topical issues in order to keep members up to date with developments in the country, region and world at large.

SAICA Support Programme

Non-resident members are required to participate in CPD programmes available to them in their country of residence and record their hours on the web-site. To assist non-resident members to meet their CPD requirement, the Institute entered into an agreement with (SAICA) where SAICA would offer the following services to ICAZ members residing in South Africa:

- Continuing professional development (CPD) events and material at local member rates;
- Access to SAICA networking events on the same basis as made available to local members;
- Access to SAICA affinity programmes at local member rates, where practical and where agreed with the relevant service provider;
- The SAICA monthly journal (Accountancy SA); and
- SAICA's bi-weekly communication on new developments in the profession mainly on accounting, auditing, taxation and other legislative issues.

It is expected that other such programmes will be fostered with other Institutes. ICAZ will contact other Institutes and request for the provision of similar services for ICAZ members resident in their respective countries.

ICAZ 90th ANNIVERSARY

The Congress was held in Victoria Falls at Elephant Hotel from the 17th to the 19th of July 2008. It was a success despite the economic challenges that were faced at the time. The Institute received positive ratings of the whole event from members and sponsors.

ECSAFA ISSUES

Framework for Micro- Entities

ECSAFA embarked on efforts to collaborate and promote the issuance of an accounting framework for micro entities.

Given the complexities and cost benefit concerns over the draft IFRS for SME issued by the IASB, the framework is intended for a third tier entities like owner managed entities with few employees.

In May 2009, ICAZ submitted its comments to ECSAFA on the draft Framework for Non-Public Entities which ECSAFA has acknowledged.

Lastly given the low compliance percentage for CPD, we are firmly of the view that there is a need to thoroughly monitor member's hours for compliance purposes. As such the department will intensify verification of hours.

INFORMATION TECHNOLOGY (IT)

I.T embarked on number of activities to keep ICAZ's systems running and efficient. Some of the major activities are as follows:

1. Servers

-We migrated from the use of a small personal computer to a real server HP Proliant ML350 G4. This server is now the Domain Name Server as well as the Mail Server. Local machines 'login' is now faster and the processing by the Server is equally faster.

-The former server is now the ISA server (Internet Server). This has made it easier to manage the bandwidths usage and access the internet.

2. Integrated Systems

The Database development was outsourced to a reputable developer. This is the Phase 2 of Integrating the Database on the website. The modules developed are Members Module, FQE Module, ZCTA Module and BCompt Module. The modules will pass through the following milestones:

- a) Wire frame and Project Contract
- b) Content
- c) Design
- d) Development and Training
- e) Project Completion

As of now all the modules have been started and the Wireframe stage was signed off in April 2009. The Members module is now in the development stage. The whole project scheduled to be completed by end of July 2009.

Upon completion of this project an interactive system between ICAZ, members and clerks will be attained. All the modules will be sited on the website and each member and each clerk will have his/her profile which contains his/her information and all the alerts. The user will be able to update some of his/her information on the profile.

3. CPD Module

The CPD module is now finished and members are using it to enter their CPD details. The module is user friendly and convenient to use. However, the module will be upgraded from time to time to suit the changing environment and information needs

REGISTRY & EDUCATION

REGISTRY DEPARTMENT

Council

The Presidential year commenced at the Winter School held at Elephant Hills, Victoria Falls in July 2008. Nyasha Zhou was elected President; Emilia Chisango as Senior Vice-President. Canada Malunga was elected the Junior Vice-President.

Members

As of June 2009, the Institute had 1567 registered members. This makes us the second biggest Institute in the region after South Africa. One death was brought to our attention during the year and five members resigned. The table below shows the diversity of the geographical spread of our membership as of June 2009. As the table illustrates, the majority of our members are now resident outside of Zimbabwe (absentee). This is part of the motivation the Council had in coming up with the idea of the Diaspora Chapters which we feel will be helpful to members in the different countries.

MEMBERS			
LOCAL		ABSENTEE	
City	No.of Members	Country	No. of Members
HARARE	616	SOUTH AFRICA	206
BULAWAYO	72	CANADA	16
GWERU	4	BERMUDA	9
MUTARE	13	CAYMAN ISL.	18
KWEKWE	5	UNITED KINGDOM	160
-	-	AUSTRALIA	69
OTHER	<u>35</u>	OTHER	<u>344</u>
TOTAL	<u>745</u>	TOTAL	<u>822</u>
TOTAL = 1567			
Despite the above number, the active members paying subscriptions is well below 1000.			

Student Accountants (Articled Clerks)

A student accountant is by legal definition a student training to become a chartered accountant. To be eligible for membership a student accountant must pass the qualifying examination and also complete a period of practical training which is carried out at an accredited training office which may be that of a practicing firm(TIPP) or in industry & commerce(TOPP).

As of June 2009, the Institute had a total of 1117 clerks under contract with the various training offices. It is envisaged that the current Chartered Accountant training model will meet with some fundamental changes in 2010. The Institute has also been involved in promoting the profession at schools and universities and our team has already started to visit some schools. We currently have a total of 50 training offices throughout the country.

Student Support

Students are represented on Council by the Junior Vice-President who meets with student societies on a regular basis to understand their needs and to provide guidance and direction to them. Students also get support from the District Societies of the Institute where they are also represented.

EDUCATION DEPARTMENT Qualifying Examination (QE)

The year began with a bridging course offered to students who had passed their ZCTA examinations, and who intend to write QE Part I. The Bridging Course is intended to bridge the gap between Zimbabwe Certificate in Theory of Accountants and the Part I qualifying examination. Although the course is not compulsory for student accountants, students wishing to sit for Part I examination are encouraged to participate in the course. This improves their chances of passing the Part 1 examination.

Apt Diploma Courses – Tipp and Topp

Students wishing to write either PPE or QEII are required to register, write and pass the diploma in either Auditing or Financial Management. The material for the courses is provided by Accounting Professional Training (APT).

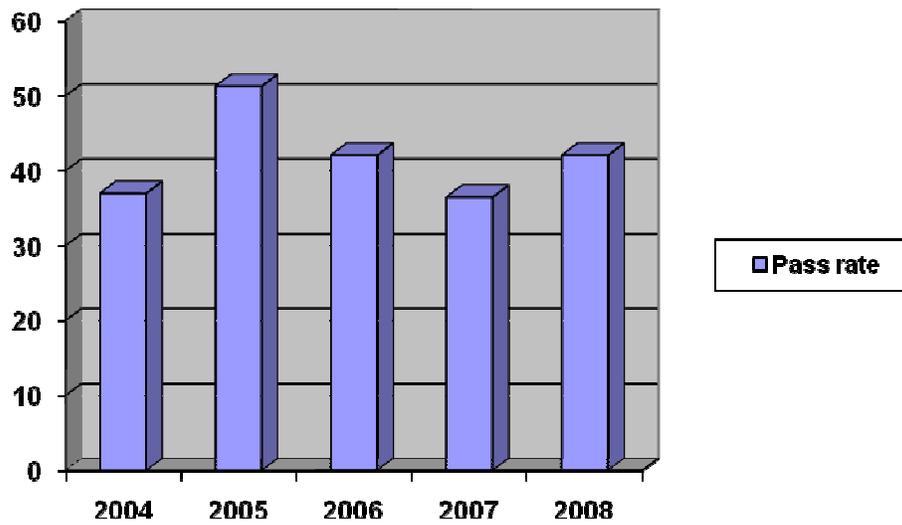
Presentation of Certificates

Presentation of certificates to 2008 TIPP/TOPP successful students was held on 18 March 2009, at Meikles Hotel. The Guest of Honor at the occasion was the Minister of Economic Planning and Investment Promotion– Honorable Elton Mangoma, who is also a Past President of the Institute.

Part I Examinations

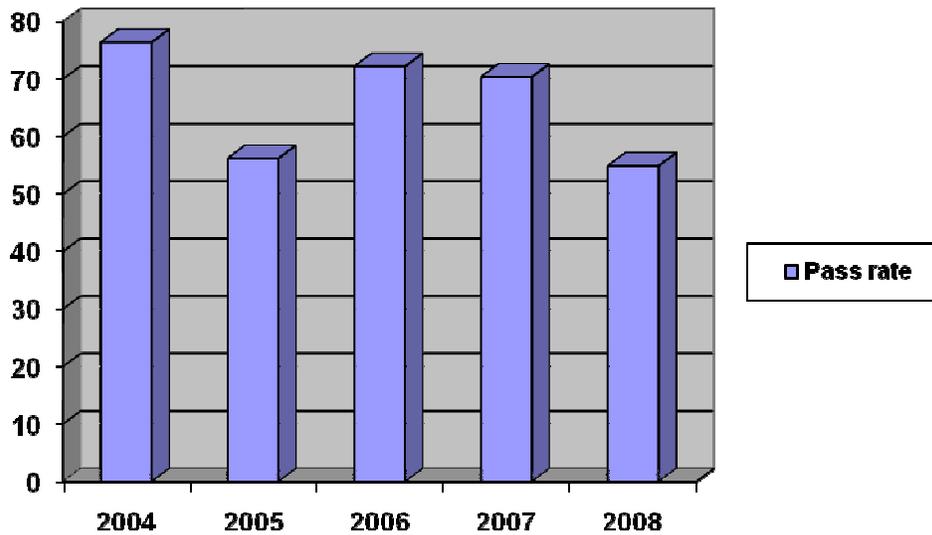
Pass rates for Part I for the past five years were as follows:

Year	2004	2005	2006	2007	2008
% Pass Rate	37	51.3	42.1	36.5	42.1



Results for PPE for the past five years were as follows:

YEAR	2004	2005	2006	2007	2008
% Pass Rate	76.4	56.2	72.2	70.37	54.9



Results for QE II (Financial Management) for the past five years have been as follows:

YEAR	2004	2005	2006	2007	2008
% Pass Rate	70	44	50	22	77.8

Zimbabwe Certificate in Theory Accounting (ZCTA)

2008/2009 was generally a difficult year for the students, the training offices and the Institute. The pass rate at ZCTA level was very low.

2008 Results

The results for 2008 are summarized in the table below:

Module	Financial Accounting	Management Accounting	Taxation	Auditing
Total number of candidates	281	271	265	279
Number passed	93	114	186	133
Percentage passed	33.10%	42.07%	70.19%	47.67%
Highest mark	76	72	92	63
Lowest mark	10	9	5	10
Average mark	40.15	43.36	55.86	44.65

In October 2008, UNISA advised all its licensees in Zimbabwe that none of its examinations were going to be conducted in Zimbabwe and all registered Zimbabwean students were expected to write their examinations in South Africa. After a meeting with senior UNISA staffers and a number of appeals from the Institute and directly from the training offices as well, this decision was rescinded and the examination centres in Harare and Bulawayo were restored. However this impacted adversely on the registrations for 2009.

In terms of the licensee agreement, UNISA is obliged to send lecturers to tutor the students and prepare them for the examinations during the course of the year. Because of the economic challenges the country was in 2008 they advised the Institute that it was no longer possible to send any lecturers to Zimbabwe. Due to this development, alternative measures were taken and the Institute had to engage its members to play the role of lecturing and tutoring the students during their revision sessions.

Zimbabwe Agricultural Society (ZAS) with effect from 28 March 2009 took over the responsibility of managing UNISA tests and examinations venues. This emanated from the discussions held between ZAS and UNISA after the cancellation of the original licensee agreements. By the time of this report, only two centres being Harare and Bulawayo had been approved by UNISA.

B- Compt (Accounting) degree A total of 284 articled clerks registered for 2589 modules of the B Compt degree during 2008. Of these 226 were re-registrations while 58 were new students.

Text Books

The department was able to acquire a set of all the recommended B Compt textbooks. Only one copy of each of the books has been acquired and photocopies are made for the students.

Study Schools

Study schools were conducted during weekends in the form of seminars according to requests. Students gave their queries to the department on various modules and these were forwarded to the various lecturers who had agreed to assist by conducting relevant seminars to resolve these queries before the examinations.

2008 B Compt Examination Results

The October/November 2008 results were generally satisfactory when compared to those of 2007. There is a marked improvement in the third year Financial Accounting modules ACN301T, ACN302U, and ACN304W. Although the second year modules were overall good there is cause for concern with the module ACN202R, 36%, (Partnerships) when compared to the previous years.

Summary of B Compt Results for 2nd Semester 2008

MODULE	ENROLMENT	%PASS	MODULE	ENROLMENT	%PASS	MODULE	ENROLMENT	%PASS
LEVEL 1 SEM.1	13	94%	LEVEL 1 SEM.2	32	92%	LEVEL 2 SEM.3	36	72%
INM1013	11	100%	CLA104V	34	97%	CLA201V	40	93%
INM1024	13	100%	MNB102E	27	96%	ACN203S	31	68%
CLA101S	14	93%	ECS1028	27	96%	ACN201Q	32	69%
ACN101M	15	73%	ACN102N	25	92%	AUE201L	26	88%
MNB101D	15	100%	QMG102Q	44	80%	TXN201B	47	68%
ECS1016	11	100%	DPA101P	35	89%	TXN213F	42	45%
LEVEL 2 SEM.4	31	77%	LEVEL 3 SEM.5	28	72%	LEVEL 3 SEM.6	26	75%
CLA202W	23	93%	ACN306Y	26	85%	ACN3073	26	92%
ACN202R	22	36%	ACN301T	47	64%	ACN3084	28	79%
AUE202M	16	88%	ACN304W	25	52%	ACN303V	23	39%
TXN202C	47	91%	AUE301P	16	81%	ACN302U	26	69%
DPA202T	49	76%	AUE302Q	26	77%	AUE303R	28	86%
						AUE304S	27	85%



S.MABHEJU
ICAZ CEO

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE**

We have audited the accompanying historical cost financial statements of The Institute of Chartered Accountants of Zimbabwe, set out on pages 3 to 13, which comprise the balance sheet as at 31 December 2008 and the income statement, and cash flow statement for the year then ended and a summary of significant policies and other explanatory notes.

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 controls 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 of 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 judgement, 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE (continued)**

Basis for adverse opinion on non-compliance with International Financial Reporting Standards

The Zimbabwe economy is recognised as being hyperinflationary for purposes of financial reporting. These financial statements have not been prepared in conformity with International Financial Reporting Standards in that the requirements of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. The non-compliance with IAS 29 arises from non-publication of inflation indices and other pervasive factors as explained in Note 11 to the financial statements.

Adverse opinion on non-compliance with International Financial Reporting Standards

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of the Institute as at 31 December 2008, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and regulatory requirements

The historical cost financial statements have been properly prepared in accordance with the accounting policies set out in Note 2 and as required by the Chartered Accountants Act (Chapter 27:02).

Emphasis of matter

Without further qualifying our opinion on the historical cost financial statements, we draw attention to Note 11 to the financial statements regarding the challenges in fair value determination for transactions, assets and liabilities and the going concern threat posed by the operating environment during the reporting year to 31 December 2008.



ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)

HARARE

10 July 2009

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2008

2007	2008
\$billions	\$billions
OPERATING INCOME	
MEMBERSHIP SUBSCRIPTIONS AND LEVIES	1 486 896 076 090
-	
ZCTA AND QE EXAMINATION FEES	34 807 784 658
-	
INVESTMENT INCOME	44 077 927 385
-	
CONTINUING PROFESSIONAL DEVELOPMENT (NET INCOME)	750 853 400 000
-	
EXCHANGE GAINS	1 745 660 917 709
-	
-----	-----
TOTAL OPERATING INCOME	4 062 296 105 842
-	
-----	-----
EXPENDITURE	
ADMINISTRATION EXPENSES	
General expenses	155 797 379 956
-	
Bank charges	19 290
-	
Computer costs	1 600 301
-	
Conferences and seminars	7 220 760 000
-	
Insurance - general	2
-	
Canteen costs	12 921
-	
Interest expense	7 186 881
-	
Rates	75 816
-	
Motor vehicle expenses	29 391 933
-	
Postages and courier costs	418
-	
Telephones, e-mails and faxes	9 766 233
-	

Accounting and Professional Training	24 430 859	
-		
Printing and photocopying (net)	2	
-		
Stationery	10 866	
-		
Repairs and maintenance	1 460 573 456	
-		
Transport costs	330 000	
-		
Security costs	44 606	
-		
Staff costs	92 851 616	
-		
Examination costs	21 728 679	
-		
Water and electricity	2 017 449	
-		
Travelling	2 457 231	
-		
Newspaper subscription	4 007	
-		
-----	-----	-----
TOTAL EXPENDITURE	164 670 642 522	
-		
-----	-----	-----
NET SURPLUS FOR THE YEAR		
Transferred to accumulated funds	3 897 625 463 320	
-		
=====	=====	

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

BALANCE SHEET - 31 DECEMBER 2008

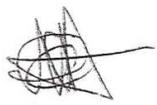
	Note	2008	
2007			\$billions
			\$billions
NON CURRENT ASSETS			
PROPERTY AND EQUIPMENT	3	-	
-			
INVESTMENTS	4	44 077 927 390	
-			
CURRENT ASSETS			
Inventories	5	32 785 927 200	
-			
Accounts receivable	6	891 290 402 030	
-			
Cash on hand and at bank		3 099 044 435 364	
-			
-----		-----	-----
		4 023 120 764 594	
-			
-----		-----	-----
TOTAL ASSETS		4 067 198 691 984	
-			
-----		-----	-----
CURRENT LIABILITIES			
B'Compt education programme		96 954 450 000	
-			
ZCTA education programme		71 228 320 000	
-			
Accounts payable	7	1 390 458 664	
-			
-----		-----	-----
TOTAL LIABILITIES		169 573 228 664	
-			
-----		-----	-----
TOTAL NET ASSETS		3 897 625 463 320	
-			
		=====	
=====			

Representing:

ACCUMULATED FUNDS
At 31 December 2007 -

-		
Transfer from income and expenditure account	3 897 625 463 320	
-		
-----	-----	-----
At 31 December 2008	3 897 625 463 320	
-		
	=====	
=====		

Signed on behalf of the Council

N P S ZHOU (PRESIDENT)
PRESIDENT)

E CHISANGO (SENIOR VICE

HARARE
10 July 2009

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

CASH FLOW STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2008

2007	2008
\$billions	\$billions
CASH FLOWS FROM OPERATING ACTIVITIES	
Net surplus for the year	3 897 625 463 320
-	
Adjustments for:	
Depreciation	-
-	
Interest income	-
-	
(Profit)/loss on sale of property and equipment	-
-	
-----	-----
Operating surplus before working capital changes	3 897 625 463 320
-	
Increase in accounts receivable	(891 290 402 030)
-	
Increase in inventories	(32 785 927 200)
-	
Increase in B'Compt, Education programme	96 954 450 000
-	
Increase in ZCTA education programme	71 228 320 000
-	
Increase in accounts payable	1 390 458 664
-	
-----	-----
Net cash generated from operating activities	3 143 122 362 754
-	
-----	-----
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property and equipment	-
-	
Proceeds from sale of property and equipment	-
-	
Investment income	(44 077 927 385)
-	
-----	-----

Net cash from investing activities	(44 077 927 384)	
-		
-----		-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	3 099 044 364 754	
-		
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		-
-		
-----		-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	3 099 044 435 364	
-		
=====		
Cash and cash equivalents comprise:		
Cash at bank and on hand	3 099 044 435 364	
-		
=====		

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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 No 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 2008 were authorised for issue in accordance with a resolution of the council members on 10 July 2009.

1.1 Basis of preparation

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

1.2 Statement of compliance

The financial statements of the Institute have not been prepared in conformity with International Financial Reporting Standards (IFRS) in that the requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring current at the balance sheet date. The non-compliance with IAS 29 arises from the inability to reliably measure inflation due to the non publication of Consumer Price Indices by the Central Statistical Office in Zimbabwe (CSO) from August 2008 to date of authorisation of these financial statements. The financial statements were however prepared in accordance with the accounting policies set out in Note 2 and in accordance with the requirements of the Chartered Accountants Act (Chapter 27:02).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies which have been applied consistently by the Institute and are consistent with those of the previous year except where stated.

2.1 Significant accounting judgements and estimates

The preparation of financial statements in compliance with IFRS requires management to make judgements, 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 judgements 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 INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 DECEMBER 2008

2.1 Significant accounting judgements and estimates (continued)

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.

Valuation of quoted equity investments

Prior to 17 November 2008, all quoted equity investments were included at valuation based on market prices on the Zimbabwe Stock Exchange (ZSE). Subsequent to that date, as a result of regulatory interventions the ZSE ceased active trading and accordingly the Institute applied the guidance from International Accounting Standard 39 "Financial Instruments : Recognition and Measurement" by adopting the fair values at 17 November 2008 as cost and then assessed these for impairment.

2.2 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.

2.3 Inventories

Inventories which comprise consumable items are valued at the lower of weighted average cost and net realisable value.

2.4 Accounts Receivable

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

2.5 Cash and Cash Equivalents

For cash flow statement purposes, cash and cash equivalents comprise cash in hand and bank balances.

2.6 Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 DECEMBER 2008

2.6.1 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

2.6.2 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.

2.6.3 Interest

Interest is brought to account on an accruals basis.

2.7 Foreign Currency

The historical cost financial statements are presented in Zimbabwe dollars which is the Institute's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are dealt with in the income statement.

2.8 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.

2.9 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 2008.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2008

3 PROPERTY AND EQUIPMENT

December	At 31 December			At	31
2008	2007	Additions	Disposals		
\$billions	\$billions	\$billions	\$billions		
COST					
Land	-	-	-		
- Buildings	-	-	-		
- Furniture and equipment	-	-	-		
- Computers and printing equipment	-	-	-		
- Motor vehicles	-	-	-		
	-----	-----	-----		-----
TOTAL	-	-	-		
	=====	=====	=====		

December	At 31 December	Charge for the	Elimination	At	31
2008	2007	year	on disposal		
\$billions	\$billions	\$billions	\$billions		
ACCUMULATED DEPRECIATION					
Land	-	-	-		
- Buildings	-	-	-		
- Furniture and equipment	-	-	-		
- Computers and printing equipment	-	-	-		
- Motor vehicles	-	-	-		
- Study centre	-	-	-		

-	-----	-----	-----	-----

TOTAL	-	-	-	-
-	=====	=====	=====	=====
=====				
	At 31 December		At	31
December				
	2007			
2008				
	\$billions			
\$billions				
NET BOOK AMOUNT				
Land	-			
-				
Buildings	-			
-				
Furniture and equipment	-			
-				
Computers and printing equipment	-			
-				
Motor vehicles	-			
-	-----		-----	

TOTAL NET BOOK AMOUNT	-			
-	=====			
=====				

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2008

		2008
2007		\$billions
		\$billions
4 INVESTMENTS		
Equity investments	44 077 927 390	
-	-----	-----

5 INVENTORIES		
Sundry consumables	32 785 927 200	
-		

6 ACCOUNTS RECEIVABLE

Sundry debtors	891 290 402 030	
-		
The ICAZ Foundation Trust	-	
-		
-----	-----	-----
	891 290 402 030	
-		

=====

7 ACCOUNTS PAYABLE

Pension	404 963	
-		
PISIF	1 378 000 000	
-		
NSSA provision	161 985	
-		
Group Life Accident Fund	80 993	
-		
Standard Development levy	-	
-		
PAYE and Aids levy provision	2 641 705	
-		
Staff leave accrued	9 169 018	
-		
-----	-----	-----
	1 390 458 664	
-		

=====

8 PENSION AND RETIREMENT FUNDS

Contributions to pension and retirement funds:

National Social Security Authority	404 963	
-		
Own defined contribution fund	161 985	
-		
-----	-----	-----
	566 948	
-		

=====

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 DECEMBER 2008

2007
\$billions

2008
\$billions

9 RELATED PARTY TRANSACTIONS

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

Short term benefits	3 930 009	
-	-----	--

Key management comprises of the Chief Executive Officer, Technical Directors, the Registrar and the Finance and Administration Manager.

The short term loans to key management personnel were expensed at year end after authorisation by the Chief Executive Officer.

10 RISK MANAGEMENT

10.1 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.

10.2 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 optimised.

10.3 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 minimises 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.

11 ECONOMIC UNCERTAINTY

The Zimbabwe economy was classified as being hyperinflationary for financial reporting purposes. These financial statements have been

prepared on a going concern basis which assumes that the Institute will continue to be in existence in the foreseeable future. The operations of the Institute were critically affected by the adverse effects of the country's volatile economic environment manifesting itself through the significant deterioration in the value of the Zimbabwe dollar against major trading currencies, the existence of multiple exchange rates, chronic hyperinflation, unpredictable policy changes, price controls and the significant decline in disposable incomes and economic activity.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 DECEMBER 2008

11 ECONOMIC UNCERTAINTY (continued)

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting. These uncertainties included:

The inflation indices not been published since July 2008. Subsequent estimates by economists were wide ranging and high (over percentages of hundreds of trillions to quadrillions, in some cases). The use of foreign currency and multiple pricing, described below, also distorted the process of measuring inflation.

Given the chronic hyperinflation, the time lapse between the balance sheet and reporting dates renders the financial information presented in the financial statements less useful and relevant for making economic decisions. Official inflation indices, when available, were only available at month-end periods. Therefore, the use of assumptions to determine inflation in the intervening periods rendered the information presented susceptible to estimation errors.

In these circumstances, inflation adjusted financial statements were not prepared as required by the International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". Other relevant issues noted included:

- The difficulty in determining a representative basket of goods to use for determining the inflation indices;
- The unavailability of goods on the local market in Zimbabwe dollars that could be used in populating the inflation model to determine the inflation index; and
- The existence of multiple prices for the same item which then required subjectivity and judgement in determining the price that would be used to determine the inflation index.

The measurement of transactions in local currency was dependent on the mode of settlement. As a result, there may be significant variations in the valuations of assets and liabilities. Accordingly, such valuations may be inherently unreliable.

The uncertainties were aggravated by:

- multiple exchange rates - there were various rates applicable which varied significantly. If a transaction occurred at more than one

rate and was recorded at its nominal value, this could result in distortions in financial reporting;

- multiple pricing - there were multiple prices for the same commodity/service, largely dependent on the modes of settling transactions from cheque/transfer, cash, fuel coupons, foreign currency etc. The effect was similar to that of the multiple exchange rates described above and could result in distortions in financial reporting;
- "dollarisation" - the introduction of licensed operators in foreign currency in the country and also the "basing" of most other transactions in foreign currency for most of the non-licensed operators, created challenges for the Institute in determining its functional currency (as between the local currency and a foreign currency).

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 DECEMBER 2008

11 ECONOMIC UNCERTAINTY (continued)

As a result of these uncertainties and inherent limitations, the Council Members advise caution on the use of these financial statements for decision making purposes.

The Council Members have assessed the ability of the Institute to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Council Members believe that under the current economic environment a continuous assessment of the ability of the Institute to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

12 POST BALANCE SHEET EVENTS

Subsequent to year-end, significant political and economic developments have taken place which has a bearing on the Institute's operations and these include:

- The rebasing of the Zimbabwe dollar at the beginning of February 2009 by the removal of twelve zeros.
- The loss in confidence in the local currency and its subsequent withdrawal as a transacting currency.
- The formation of an inclusive Government in February 2009 comprising three political parties.
- The introduction of multi-currencies and removal of foreign currency trading licences and other exchange control restrictions.

- The resumption of trading (in foreign currency) on the Zimbabwe Stock Exchange.

13 PRIOR YEAR HISTORICAL COST COMPARATIVES

Prior year comparative figures are presented as nil because the Zimbabwe dollar was rebased during the year, in terms of the Statutory Instrument 109 of 2008, wherein the Reserve Bank of Zimbabwe removed ten zeros from the local currency. Consequently when prior year figures are restated to the new currency and rounded off to the nearest billion, the prior year figures reflect nil balances.

STANDING COMMITTEES

AUDITING AND PROFESSIONAL STANDARDS COMMITTEE (APSC)

R. CHIMANIKIRE (CHAIR)
D. MARANGE
P. MITHAL
F. MANGOTA
C. KAZEMBE
T. CHIMANIKIRE
T. POLLOCK
M. DEBEER
C. RUZENGWE
C. CHAKONA
P. GWATIDZO
F. MANYANGADZE
C. MANJENGWA
G. MAFUNGA
M. MUBVUMBI

EDUCATION COMMITTEE

S. TURK (CHAIR)
R. CHIMANIKIRE
G. CHEATER
A. MUBAIWA
C. MUZONDO
W. MUPANGURI
CB THORN
S. MUDOMBI

PUBLIC RELATIONS COMMITTEE

P. MATINHA
P. GWATIDZO
A. KAREMBA
M. MAKAYA
S. GWANZURA
T. MOYO (CHAIR)
G. LANGOIS
A. MAKAMURE

INVESTIGATIONS COMMITTEE

N. CHIROMO
A. GUBBAY (NON-MEMBER)
M. MASUNDA (NON-MEMBER)

MANAGEMENT COMMITTEE

ACCOUNTING PROCEDURE COMMITTEE

(APC)

B. NJIKIZANA (CHAIR)
W. ANDERSON
N. MUDZAMIRI
W. NTINI
F. TARUWINGA
B. MATAMBA
J. JONGA
G. CHEATER
S. NDHLOVU
B. NYAJEKA
C. RUZENGWE
V. MUYAMBO
C. MUKONDIWA
S. MURWISI
A. CHIREMBA
H. DES FONTAINE
S. NYANHONGO

TAX & OTHER LEGISLATION COMMITTEE (TOLC)

T. RWODZI (CHAIR)
S. MATOUSHAYA
R. MASAIRE
N. FORSGATE
K. HARVEY
P. CAWOOD
M. NGORIMA
A. MAKAMURE
M. CHIPUNZA
J. CHIBWE

CPD COMMITTEE

M. MAKAYA (CHAIR)
G. CHEATER
C. KAZEMBE
M. NYAGOMO

ESTATE ADMINISTRATION COUNCIL

A. M. GWARADZIMBA

ECSAFA

NPS.ZHOU
E.CHISANGO
G.SABARAUTA
A.MOHAMMED

ZIMBABWE MINING AFFAIRS BOARD

S. MABHEJU

ZIMBABWE ACCOUTING PRACTICE BOARD

S.MABHEJU
B.NJIKIZANA

**DISTRICT SOCIETIES:COUNCIL
REPRESENATIVE**

E.CHISANGO

S. MABHEJU
NPS.ZHOU

**PUBLIC ACCOUTANTS AND AUDITORS
BOARD**

D.GWANDE
S.MABHEJU

**CA STUDENT SOCIETIES:COUNCIL
REPSENATIVE**

C.MALUNGA

SAICA LIASON

S. MABHEJU
NPS.ZHOU

EXAMINATIONS BOARD

C. B THORN (CHAIRMAN)
M .HARVEY
F .KUIPA
T .MATAVIRE
T .RWODZI
V .LAPHAM

PASTS PRESIDENTS OF ICAZ

PAST PRESIDENTS OF ICAZ (Established on 11 January 1918)

Year Beginning	Presidential Year Beginning	Presidential	
P F Derry	1919	A Underwood	1964
F A Collings	1920	W A Duff	1965
R H Everett	1921	A Underwood	1965
R R Olver	1922	A J S Bosworth	1966
A C Raymer	1923	A J L Lewis	1967
T J Rooney	1924	M B Davies	1968
T J Rooney	1925	C J Voss	1969
R Olver	1926		
F A Collins	1927	B L Sedgewick	1970
F A Collins	1928	R J Hedley	1971
C J Machaughtan	1929	J F Irvine	1972
		C L Reed	1973
R R Olver	1930	E E Skeet	1974
W M Brown	1931	E R Bradford	1975
F Rixon	1932	E E Skeet	1975
C R Musto	1934	C M W Mackay	1976
A Key	1934	J A Appleby	1977
T E Speight	1935	J W Morley	1978
E P Vernall	1936	C J Roome	1979
EP Vernall	1937		
WV Brown	1938	D J M Vincent	1980
C J Machaughtan	1939	P J Barnacle	1981
		T A Taylor	1982
P F Derry	1940	P L Bailey	1983
W E Scott-	1941	J A Atkinson	1984
Russell			
F A Collins	1942	P Walters	1985
C R Causton	1943	D J M Vincent	1986
R Williamsom	1944	M D Frudd	1987
T B Rouse	1945	N Kudenga	1988
W J Underwood	1946	P W Fearnhead	1989
W J Underwood	1947		
C R Causton	1948	E S Mangoma	1990
H V Fraser	1949	TG Hooley	1991
		G Gomwe	1992
A Underwood	1950	P Turner	1993
C R Musto	1951	M R Willis	1994
A J L Lewis	1952	D Benecke	1995
K M Lewis	1953	B Ndebele	1996
C R Causton	1954	S J Hammond	1997
H B Hone	1955	N Nyandoro	1998
H B Hone	1956	M J-R Dube	1999
S G Harsant	1958	C B Thorn	2000
L A W Hawkins	1959	J A Mushore	2001
B W S O'Connell	1960	D J Scott	2002
A G H Walker	1961	M T Kunaka	2003

R G Wurth 1962
C F Buckland 1963

EW Bloch 2004
D Gwande 2005
V L Ndlovu 2006
T.L Gumbo 2007
N P S Zhou 2008