THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

2012 annual report

Contents

ACTIVITIES

The Institute's major activities comprise conducting examinations for admission into the register for Chartered Accountants; to encourage the study of accountancy by members and students; to represent the views of the Chartered Accountants and to preserve and maintain the integrity and status of the profession.

COUNCIL MEMBERS

B Njikizana (President)
W Mupanguri (Senior Vice-President)
T Rwodzi (Junior Vice-President)
C Chakona
T Chikohora
R Chimanikire
E Chisango
T Chizana
T Gumbo
D Gwande
S Gwanzura
M A Harvey
C Kazembe
F Kuipa
Z Kumwenda
M T Kunaka (CEO)
M Makaya
C Malunga
D Marange
T Matavire
N J Mudzamiri
S Ndhlovu
B Nyajeka
C B Thorn
G Zvaravanhu

REGISTRAR
F Karekwaivanane

AUDITORS
PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Building 4, Arundel Office Park
Mount Pleasant
Harare

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

PRINCIPAL OFFICE
Integrity House
2 Bath Road
Belgravia
Harare

LEGAL ADVISORS
Atherstone & Cook
7th Floor Mercury House
24 George Silundika Avenue
Harare

Annual General Meeting

NOTICE AND AGENDA

NOTICE is hereby given that the ninety-fourth Annual General Meeting of Members of the Institute of Chartered Accountants of Zimbabwe (ICAZ) will be held on Thursday, 19 July 2012 at 1700hrs at the Elephant Hills Hotel, Victoria Falls, to transact the following business:-

1. CONFIRMATION OF MINUTES

To confirm the minutes of the ninety-third Annual General Meeting held on Thursday, 21 July 2011 at 17.00 hours at the Elephant Hills Hotel, Victoria Falls.

2. ANNUAL REPORT AND FINANCIAL STATEMENTS

To receive the Annual Report and Audited Financial Statements for the year ended 31 May 2012.

3. COUNCIL ELECTION

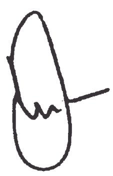
To receive the names of the members elected to Council.

4. APPOINTMENT OF AUDITORS

To appoint auditors for the ensuing year. PwC, the current auditors have expressed their willingness to be re-appointed.

5. ANY OTHER BUSINESS

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



BRIAN NJIKIZANA
PRESIDENT

25 June 2012.

Note: The Annual Report will be posted on the ICAZ website for your perusal and printed copies will also be circulated before the AGM.

It is an honour for me to report on the ICAZ activities for the period 2011 – 2012. The year has been quite active, primarily focused on implementation of our strategy as refreshed and updated in 2010, clearing legacy matters from prior periods to create a platform from which we can progress further with key elements of our strategic thrust. We have also sought to consolidate on measures and progress recorded in the previous period.

Members will recall that in October 2010, Council reviewed the ICAZ strategy for 2010 – 2013 and committed to "...expand the ICAZ membership significantly by 2013, while maintaining quality and growing influence..."

The following are the broad deliverables guiding the Institute over this period;

a. Funding
   - Establish sustainable sources of funding.

b. Organisational Effectiveness
   - Have in place quality and efficient service delivery.

c. Education
   - Be a centre of excellence for accountancy training.

d. Research
   - Foster smart partnership with accounting firms for thought leadership.

e. Local Influence
   - Influence local regulatory bodies and ensure active representation in all decision making entities.

f. Regional and international influence
   - Partner with the recognised regional and international accounting bodies in developing a regional and international accounting strategy.

g. Membership
   - Introduce different membership categories and enhance value for members in business.

I have provided below a summary of the progress recorded against these deliverables during the year under review:

Key Deliverable	Update
Funding	• The Institute recorded a surplus of $25,839 (May 2011: deficit of $8,112) (December 2009: deficit of $160,784). This was the first surplus recorded since introduction of the multi-currency regime in January 2009. • Significant recoveries realised of impaired balances (legacy debts and impaired investments). • Collection of subscriptions from members has improved but arrears remain significant thus provisions have been made accordingly. • Contribution of funding from revenues other than member subscriptions has increased. • Co-hosting of Continuous Professional Development sessions with third parties for commission income to ICAZ. • Dedicated fund raising committee being set up to progress this initiative further more deliberately.

<table>
<tr><th>Key Deliverable</th><th>Update</th></tr>
<tr><td>Organisational Effectiveness</td><td>

Consolidated progress made in previous period.
Performance Management System put in place for the Secretariat.
Office now open throughout the working day including lunch time.
Self evaluation introduced for Council and to be cascaded to the various committees in place.
Members and students survey introduced for the first time.
</td></tr>
<tr><td>Education</td><td>

Revamped the practical training programme and competencies in line with best practices and developments in peer institutes.
Fully equipped state of the art library has been completed and is functional .
97 candidates passed PPE in 2011 compared to 33 in 2010 in TIPP.
12 candidates passed TOPP Qualifying Examination II compared to 5 the previous year .
The CPD calendar continued to be exciting and relevant and also catered for members in business.
</td></tr>
<tr><td>Research</td><td>

Recruited a substantive Technical Manager serving all the technical committees.
Focus during the year was on accounting and audit guidance towards the Insurance and Pensions Industry and published results by listed entities.
</td></tr>
<tr><td>Local Influence</td><td>

This was driven by the Taxation and Other Legislation (TOLC), Public Relations, Public Service and the technical committees.
ICAZ continues to work very closely with Central Treasury, ZIMRA, Accountant General, Comptroller & Auditor General, Registrar of Companies and various government departments.
Accounting firms seconded staff to the Accountant General's Office on a pro bono basis.
ICAZ is also working both directly and through PAAB with the Securities Commission of Zimbabwe (SCZ), the Zimbabwe Stock Exchange (ZSE), the Insurance and Pensions Commission (IPEC) on updating financial reporting regulations among other initiatives.
We continue to make an input into the exercise to revise the Companies Act as well review and comment on the draft proposed Insurance Act and Public Finance and Management Regulations.
ICAZ in partnership with PAAB is working on the implementation of an action plan arising from the ROSC report that was commissioned by the World Bank and the Government of Zimbabwe in early 2011. The introduction of practice reviews firstly at ICAZ level then subsequently at the PAAB was one of the key milestones achieved in the current period.
</td></tr>
<tr><td>Membership</td><td>

Council is quite advanced with its research and consideration of a program to explore the introduction of a new membership category in line with international practice. A communication is due out to members imminently for comments and broader engagement.

<table>
<tr><th></th><th>2012</th><th>2011</th></tr>
<tr><td>Opening Members</td><td>1,474</td><td>1,660</td></tr>
<tr><td>Admissions</td><td>62</td><td>59</td></tr>
<tr><td>Deregistered</td><td>–</td><td>(240)</td></tr>
<tr><td>Resignations and Deaths</td><td>(4)</td><td>(5)</td></tr>
<tr><td>Balance at 31 May</td><td>1,532</td><td>1,474</td></tr>
</table>

Although there were no de-registrations during the current year a list has been compiled by ICAZ Secretariat and approved by Council in terms of the ICAZ by-laws, of members liable to de-registration, subject to the relevant due process.
</td></tr>
</table>

Further to the matters summarised in the table above I believe it is important to highlight a few matters and developments during the year in more detail.

Reciprocal membership arrangements

ICAZ successfully concluded the renewal of enhanced membership reciprocity arrangements with Institute of Chartered Accountants in South Africa (SAICA) and Institute of Chartered Accountants in England and Wales (ICAEW) in addition to the ones renewed in the previous periods, namely Canada Institute of Chartered Accountants (CICA) and the Hong Kong Institute of Certified Public Accountants. The process is increasingly rigorous and the successful conclusion of these agreements is therefore a great testimony to the standard of the Zimbabwean Chartered Accountancy profession and institutional strength of ICAZ.

In respect to the arrangements with SAICA, only the actual wording of the agreement and related formalities remain to be ironed out. The arrangements with ICAEW are complete, already in force and what remains is a formal launch at a mutually convenient time.

The arrangements are enhanced in that they largely do away with the need for conversion examinations except for those seeking to go into public practise where principally examinations in local law and taxation will be the only requirements. They also generally recognise all full members provided they are in good standing with ICAZ and up to date with requirements for continuous professional development. It is therefore important that members ensure that there are no hindrances when they seek to take advantage of this important and progressive development.

The conclusion of these arrangements provides a platform for us to progress the renewal of similar arrangements with peer accountancy institutes around the world in particular those in the Global Accounting Alliance. This is certainly a thrust which will continue to receive the focus and attention of Council and a committee dedicated to this end has already been set up.

Membership

New membership category

Members will be aware from previous communications that Council has been exploring an initiative to consider new membership categories in line with international best practice and developments within our peer institutes around the world. I am happy to report that Council is sufficiently advanced with its work and research and we are now at a stage where we are seeking to engage members on this important aspect with results of the extensive research work which has been undertaken.

Members can expect further specific communication in this respect from ICAZ imminently and I would like to take this opportunity to encourage members' full and active participation in this very important discourse.

Debtors

The debtors' balance relating to member subscriptions at 31 May 2012 stood at $207,838 compared to $257,181 as at 31 May 2011. This is made up of subscriptions owed by 456 members and the total amount is split into $ 71,756: Local and $136,082: Foreign. The 456 members represent about 30% of total membership. Whilst this has improved compared to the previous period where 723 members (49% of total members) had outstanding subscriptions, Council believes that it's imperative that all members pay their subscriptions on time and I accordingly appeal to all members with outstanding subscriptions to bring these up to date.

Deregistration

We did not seek to deregister any members during the period under review. According to a review conducted of the 456 members with outstanding subscriptions, the Secretariat has recommended 68 members for deregistration. These members owe a total of $79,123 and the amount is part of the $140,618 allowance for impairment of members' subscriptions in Note 8 of Financial Statements. Council will therefore proceed to consider the recommendation and, subject to due process, ICAZ will have no choice but to deregister the identified members. I therefore appeal to all members, both local and foreign, to remain up to date with their subscriptions and fully comply with their membership obligations.

Library

During the year under review, the Institute introduced an Information Resource Centre which consists of a Library and a reading room. This is a state of the art facility which is designed to cater for all the information needs of ICAZ members and students in order to enhance knowledge as well as research and development capability. The Information Resource Centre was opened to the students and members on the 2nd of May 2012. The Resource Centre is equipped with modern computers, comfortable fixtures for reading and research and is fully air conditioned. The reading room is open until midnight every day.

The Information Resource Centre is open to all students (BCompt, ZCTA and FQE) and members across the board, however, in order to access these facilities, one has to become a member of the Information Resource Centre through registration and subscription.

We are looking for a sponsor to cover running expenses, mainly payroll for the Library staff. ICAZ is prepared to give such a sponsor naming rights over the library provided the commitment is for a substantially long enough period.

Funding and Donations

In line with our strategy to reduce dependency on members subscriptions, Council continued to pursue other sources of funding. During the year under review, the Institute received generous donations and I would like to extend my gratitude on behalf of ICAZ to the following:

- Paint from Astra Chemicals for the re-painting of the Institute's building and durawall;
- Labour discount from Sign IT for the installation of neon signage along Second Street Extension;
- Messrs PricewaterhouseCoopers continued to be honorary auditors of ICAZ. We are truly grateful for their support valued at over $75,000 over the three year period, 2011 to 2013.
- The following organisations; ZB Bank, NMB, BDO, Matamba & Co.,KPMG, Deloitte,AMG, Grant Thorton, Delta, Econet Wireless and Nakas Cuisine who covered in full the expense for the ZCTA and FQE certificate presentation functions, both in Harare and Bulawayo; and
- Continued support and sponsorhip of our main events including the upcoming Winter School from our reliable family of sponsors which do, and will continue to, receive acknowledgements at the events and in other ways.

As part of taking the funding drive forward, Council has already approved and is in the process of constituting a dedicated Fund-raising Committee with the main objective of assisting the Institute in raising alternative and innovative funding for operations and specific interest projects.

Human Resources

During the year ICAZ had a staff compliment of 28. In January 2012 employee salaries were adjusted in line with a job evaluation exercise carried out by an independent consultant. This review was postponed during 2011 given the adverse financial condition of the institute then.

A motor vehicle policy was introduced which resulted in the phasing out of the motor vehicle benefit. Vehicle ownership was transferred to employees at agreed values and employees assumed responsibility for service and maintenance. The policy will go a long way towards reducing the costs associated with running a fleet of vehicles.

The Institute still has outstanding litigations on labour issues from prior year (pre May 2011) which are still to be resolved through the courts. Members will be aware from the 2011 report that three managers' contracts of employment were terminated in terms of the Labour laws during the period ended 31 May 2011 and that the matter is before the courts and is being handled by our legal team.

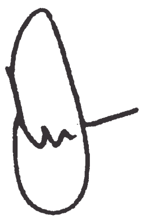
An ex-employee who owed $94,000 settled $90,500 during the year and had a remaining balance of $3,500 as at 31 May 2012. The collection was done through ICAZ lawyers and the balance was to be settled at the end of June 2012.

Bad Debt Recovery

Following the lifting of curatorship for Renaissance Merchant Bank Limited (RMB), $75,400 was recovered. The amount was an investment which had been impaired in the prior year after RMB was placed under curatorship at the beginning of June 2011.

Conclusion

Finally I would like to thank the Presidium, ICAZ Councilors, Committee Members, the Secretariat, led by the CEO, and members at large for their support during the year. I believe the Institute is headed in the right direction and poised for great things ahead. I encourage all members to continue upholding the good name we enjoy both at home and abroad and to do their part in engaging ICAZ structures and initiatives as we collectively shape the way forward for our Institute.



BRIAN NJIKIZANA
ICAZ PRESIDENT

29 June 2012

1. JUNE 2011 – MAY 2012 COUNCIL REPORT

1.1. Council Members

Brian Njikizana was elected President of ICAZ during 2011 Winter School held in July 2011 at Victoria Falls whilst Walter Mupanguri was elected Senior Vice - President and Tinashe Rwodzi Junior Vice - President. Brian Njikizana is a partner at KPMG, Walter Mupanguri is a partner at Ernst & Young (EY) whilst Tinashe Rwodzi is a partner at PricewaterhouseCoopers (PwC).

The following 24 members served on the Council for June 2011 to 31 May 2012:

Council Member	Meetings attended
B Njikizana (President)	10/10
W Mupanguri (Senior Vice-President)	7/10
T Rwodzi (Junior Vice-President)	8/10
C Malunga	6/10
C Kazembe	7/10
S Ndhlovu	4/10
F Kuipa	6/10
C B Thorn	6/10
S Gwanzura	7/10
M A Harvey	2/10
T Chizana	3/10
C Chakona	3/10
M T Kunaka	8/10
T Matavire	7/10
D Gwande	4/10
T Gumbo	6/10
R Chimanikire	4/10
M Makaya	4/10
B Nyajeka	5/10
D Marange	6/10
N J Mudzamiri*	4/5
G Zvaravanhu	3/10
Z Kumwenda	2/10
T Chikohora	5/10
E Chisango	5/10
*Was appointed in January 2012.	

1.2. Presidential appointment

Ngoni Mudzamiri (EY) was appointed to Council as Chairperson of Accounting Procedures Committee after Brian Njikizana relinquished that role in order to concentrate on his role as President of ICAZ.

2. MEMBERSHIP OF THE INSTITUTE

2.1. Members

Membership as at June 2011	**1,474**
New Admissions – June 2011 to date	62
Deaths – June 2011 to date De-registrations – June to date Resignations – June 2011 to date	4 - -
Membership as at 31 May 2012	**1,532**

2.2. Deceased members as of 31/05/2012

The following members were deceased during the year under review:

Gillian Shingirai Chaitezvi - 7 January 2012	Sailos Sadya - 8 December 2011
Martin Herbert Schmulian - 2 February 2012	Robert Sigauke - 8 December 2011

Council extends its heartfelt condolences to the family and friends of the deceased members.

2.3. Geographical spread of our Membership

Local		Absentee	
City	**No. of Members**	**Country**	**No. of Members**
Harare	554	South Africa	257
Bulawayo	69	Canada	20
Gweru	3	Bermuda	8
Mutare	15	Cayman Island	26
Kwekwe	5	U.K	145
		Australia	53
Other	33	Other	344
Total	**679**	**Total**	**853**
Total Number of Members - 1532			

2.4. Student Accountants (Articled clerks)

Student Accountants registered as at 31 May 2012	833
Registrations – June 2011 to date	150
Discharges – June 2011 to date	131
Cancellations & Suspensions – June 2011 to date	5

2.5. Accredited Training Offices

TIPP		TOPP	
Training Office	**No. of Students**	**Training Office**	**No. of Students**
Deloitte	133	Delta	14
KPMG	91	Astra	5
PWC	103	Meikles Africa	5
Ernst & Young	186	Interfin	6
BDO	65	TA Holdings	8
Other	146	African Sun	17
		Other	54
Total	**724**	**Total**	**109**
Total Number of Students - 833			
Number of Training Offices - 47			

3. TECHNICAL COMMITTEES

3.1. Auditing & Professional Standards Committee (APSC)

During the period under review, the committee focused mainly on the issue of Press Releases for quoted entities, which are not always consistent with the final audited financial statements. The Committee made recommendations to the Zimbabwe Stock Exchange (ZSE) and to the Public Accountants and Auditors Board (PAAB). The recommendations are currently being reviewed before issuing the final guidance to the market.

Reporting for Insurance and Pension Funds

The committee is currently working on giving guidance on the audit reports for Pension Funds once all the reporting guidance which is being drafted by the Accounting Procedures Committee (APC) has been adopted to ensure they fully comply with International Financial Reporting Standards as well as the Pension and Provident Fund Act (Chapter 24:09).

3.2. Accounting Procedures Committee (APC)

During the period under review, the committee focused on monitoring financial statements to assess the level of compliance with IFRS and International Standards on Auditing (ISA). Lack of compliance issues were communicated or discussed with the auditors (our members) to ensure the quality of reporting is improved where necessary and is consistently maintained. The major noncompliance issues were presented to the Continuing Professional Development (CPD) committee for formulation of relevant CPD training for our members and other stakeholders in financial reporting.

Reporting for Insurance and Pension funds

The committee assisted the Insurance and Pensions Commission (IPEC), updating the financial reporting requirements for pension and provident funds as well as financial reporting practice for insurance entities generally. This was done after consultations with various stakeholders in both long term and short term insurance.

Joint consultation seminars with IPEC and the stakeholders have already been held for the insurance reporting and these were well received. The committee is currently working on the guidance to the financial reporting of Pension Funds. This also implies giving guidance on the audit reports for the Pension Funds once all the reporting guidance has been adopted to ensure they fully comply with IFRS as well as the Pension and Provident Fund Act (Chapter 24:09).

Reporting for Small and Medium sized Entities

The committee is looking at promoting the use and enhance awareness of the IFRS for small to medium entities (SMEs) to facilitate an increase in the use of the framework in the country for eligible entities.

3.3. Public Sector Committee (PSC)

This committee focused on forging relationships with the public sector, particularly the Ministry of Finance. The committee held a number of meetings with public sector representatives with the objective of assisting in the implementation of the International Public Sector Accounting Standards (IPSASs). Going forward, we expect the implementation of IPSASs in Zimbabwe to be the main business of the committee since we are currently at the transition phase of the implementation process.

A number of accounting firms seconded staff to the Accountant General's office on a pro bono basis to assist with various accounting and related requirements in government.

3.4. Practice Review Committee (PRC)

The ICAZ Practice Review Committee was resuscitated in order to maintain compliance with the International Federation Accounting (IFAC) requirement that practice reviews should be carried out. This was against the background that the Public Accountants and Auditors Board (PAAB) did not have the capacity to carry out these reviews as the oversight body for the profession. IFAC recognizes reviews that are carried out by either ICAZ or PAAB. The committee commenced reviews in earnest in September 2011 and reviewed five firms to April 2012.

The PAAB practice review function is now capacitated to carry out reviews and started these in May 2012. With this development the ICAZ Practice Review Committee will be winding down as there is no need to duplicate the processes. PAAB has communicated that the ICAZ reviews will be taken into account in their programme and firms already reviewed by ICAZ will be put at the end of the current PAAB cycle which is expected to run for 3 years to 2014.

3.5. Tax and Other Legislation Committee (TOLC)

Review of the Income Tax Act

A sub-committee of the TOLC committee was set up to review the draft Income Tax Act and its comments and input went to the Ministry of Finance. Debate on the new Act is continuing and members are urged to forward their views to the Institute.

Budget and other Proposals

The committee submitted comprehensive fiscal and taxation proposals for consideration by the Minister of Finance.

Liaison with the Ministry of Finance and Zimbabwe Revenue Authority (ZIMRA)

The committee met with the Ministry of Finance, ZIMRA and International Monetary Fund (IMF) representatives in June 2011. The main issues discussed included ZIMRA operations mainly the Large Client Office (LCO), their restricting practice notes as well as use of outdated legislation by some ZIMRA officials as well as other challenges being faced by the taxpayers. The Minister and ZIMRA are committed to finding ways to resolve these issues.

ZIMRA has also acknowledged the importance of liaisons with ICAZ by appointing for the first time a relationship officer for all ICAZ interactions. This is a very welcome development.

Tax Seminars

A number of seminars were held in conjunction with the CPD Committee during the period.

3.6. Continuing Professional Development (CPD) Committee

The committee was involved mainly in monitoring of members' CPD records for 2011. The committee also designed and carried out a few CPD seminars in line with some noted training needs that came from the other technical committees.

The following is a summary of the CPD activities held during the period June 2011 to May 2012:

Topic	Presenters & Facilitators	Date
Financial Statements Analysis of an Operating Business or Division	**Presenters:** Joyce Shumba: Tanga Shumba and Associates **Facilitator:** Sevious Mushosho	Hre –7/06/11 Total Attendance: Members 32 Non-members 21 **Total 53**
Tax Conference	**Presenters:** Canaan Dube: DMH Law Firm Partner Joseph Musariri :Clearing & Forwarding Association Tendai Mavima: Tax Management Services Director Maxwell Mangoro: Ernst & Young Tax Partner Charles Jaure: ZIMRA Regiona Manager **Facilitator:** Martin Makaya – BDO Zimbabwe Partner	Hre – 28/06/11 Total Attendance: Members 52 Non-members 71 Total **123**
King III Code of Corporate Governance and its early adoption in Zimbabwe	**Presenters:** Canaan Dube: The DMH Law Firm Partner Chengetai Mashavave - Deloitte Senior Audit Manager **Facilitator:** Tarryn Campbell – Ernst & Young Audit Manager	Hre 10/11/11 Byo – 29/09/11 Attendance: **Hre**: Members 32 Non-members 41 **Total 73** **Byo**: Members 14 Non-members 18 **Total 32**
Practical IFRS Refresher Course	**Presenters:** Valerie Muyambo: KPMG Senior Audit Manager Umoja Phiri: Four Cubits Advisory Services Director **Facilitator:** Sevious Mushosho: Tetrad V. Muyambo presented both topics in Bulawayo	Hre – 06/03/12 Byo – 30/03/12 Attendance: **Hre:** Members 52 Non-members 39 **Total 91** **Byo:** Members 14 Non-members 22 **Total 36**
Tax Update Seminar	**Presenters :** Monica Gotora: Deloitte Dumisani Ngwenya: CMS Maxwell Ngorima: BDO Peter Mugodhi: Ernst & Young **Facilitators :** Clive Munemo - Four Cubits Advisory Services	Hre – 27/03/12 Byo – 11/05/12 **Hre**: Members 38 Non-members 46 **Total 84** **Byo:** Members 22 Non-members 39 **Total 61**
Financial Reporting for Insurers	**Presenters :** Bothwell Nyajeka: TA Holdings Ltd Anesu Daka: CAA Josphat Kakwere (IPEC) **Facilitators** : Tumai Mafunga	08/05/12 Attendance: **Hre**: Members 94 Non-members 32 **Total 126**

4. EDUCATION

4.1. University of South Africa (UNISA) Bachelor of Accounting Science Degree (B Compt)

The number of ICAZ clerks currently enrolled for the B Compt degree is 236. The B Compt results for 2011 have been summarized below per level (year) per module, with the total enrolment per module as well as the percentage pass rate of each of the 34 B Compt modules.

Summary of B Compt results for semester 2 (Oct/Nov) 2011

MODULE	ENROLMENT	%PASS	MODULE	ENROLMENT	%PASS	MODULE	ENROLMENT	%PASS
LEVEL 1		**84%**	**LEVEL 2**		**81%**	**LEVEL 3**		**71%**
INM101-3	13	85%	CLA2601	13	88%	ACN306-Y	44	89%
INM102-4	13	85%	ACN203-S	28	64%	FAC3701	52	65%
CLA1501	14	93%	FAC2601	32	63%	FAC3704	44	50%
FAC1502	13	77%	AUE201-L	29	86%	AUE301-P	69	75%
MNB1501	12	83%	TXN201-B	32	75%	AUE302-Q	52	83%
ECS101-6	23	78%	TXN203-D	31	71%	ACN307-3	65	89%
CLA1502	15	93%	CLA2602	34	94%	ACN308-4	57	75%
MNB160-1	17	94%	FAC2602	39	87%	FAC3703	51	53%
ECS1601	23	78%	AUE202-M	33	88%	FAC3702	54	69%
FAC1601	20	75%	TXN202-C	44	86%	AUE303-R	34	76%
DCS1630	24	71%	DPA202-T	42	86%	AUE304-S	38	55%
AIN1501	25	84%						

*** For Key – Please refer below**

The third level financial accounting modules remain the most challenging of all the modules with the least pass rate. However the performance in Computer Auditing (AUE 304S) was below standard with 55% yet in 2010 it had 73% and 88% in 2009. At first year level, the students' general performance was lower compared to the past 3 years where the pass rate was usually 100% or around the 90% range. It is unusual to obtain a pass rate as low as 79% for first year modules.

KEY: B COMPT Degree – Modules 2011

1. INM1013-Economic and Management Environment 1A
2. INM1024-Economic and Management Environment 1B
3. CLA1501 -Commercial Law 1A
4. FAC1502-Accounting Concepts
5. MNB1501-Business Management 1A
6. ECS1501-Economics 1A
7. CLA1502-Commercial Law 1B
8. DSC1630-Introductory Financial Mathematics
9. FAC1601-Accounting Reporting
10. AIN1501 -Accounting Systems Development and Management
11. MNB1601-Business Management 1B
12. ECS1601-Economics
13. CLA 2601Commercial Law 2A
14. ACN203S-Cost Accounting and Control
15. FAC2601-Financial Accounting for Companies
16. FAC2602- Accounting Standards & Valuations of Fin. Instruments
17. CLA2602-Commercial Law 2A
18. AUE201L- Audit Theory and Practice
19. AUE202M - Audit Process
20. TXN201B -Taxation of Individuals and Companies
21. TXN203D -Taxation of Business Income
22. TXN202C -Estates and Trustees
23. DPA202T -Practical Accounting and Data Processing
24. ACN306Y -Management Accounting Techniques
25. FAC3701-General Financial Reporting
26. FAC3704-Group Financial Reporting
27. AUE301P- Aspects of Internal Control
28. AUE302Q -Legal Aspects
29. ACN3073-Financial Planning and Control
30. ACN3084-Financial Analysis and Valuations
31. FAC3703-Specific Financial Reporting
32. FAC3702-Distinctive Financial Reporting
33. AUE303R -Advanced Auditing
34. AUE304S -Computer Auditing

4.2. Zimbabwe Certificate in Theory Accounting (ZCTA)

In 2011 ZCTA course, 376 students registered for all the 4 ZCTA modules however only 311 (83%) were admitted to write the final exam. Of the 311 students who set for the 4 ZCTA final exams 148 passed with a pass rate of 47.5% whilst the South African pass rate was 24%.

ZCTA results comparisons per module for 2010 and 2011 are shown in the table below:

Module	Taxation		Fin. Accounting		Man. Accounting		Auditing	
	2011	2010	2011	2010	2011	2010	2011	2010
Total Admitted into Exam	336	323	318	323	327	323	334	323
Total Marks 50% & Above	260	236	168	200	193	171	253	180
% Pass Rates	77%	73%	53%	62%	59%	53%	76%	56%
Highest Mark %	76%	87%	75%	81%	71%	76%	72%	71%
Lowest Mark %	17%	7%	7%	6%	14%	3%	23%	5%

All the 4 modules had a pass rate above 50% with Financial Accounting declining from 62% in 2010 to 53% in 2011.

ZCTA Pass rates for the past six years have been as follows:

Year	% Pass Rate	Enrolment	Passed
2011	47.5%	311	148
2010	47.0%	323	152
2009	20.3%	227	46
2008	22.3%	291	65
2007	26.2%	309	81
2006	37.6%	266	100

Nyasha Philip Mafukidze from TA Holdings was the best overall student in the ZCTA 2011 exams.

4.3. Qualifying Examinations

Enrolment and pass rates for Part I , PPE and Part II Qualifying Examinations for the past five years are as follows:

Part I Qualifying Examination Results for the past five years:

Year	%Pass Rate	Enrolment	No. Passed
2008	42.1	221	94
2009	54.3	173	94
2010	28.0	107	30
2011	62.0	216	134
2012	55.0	222	122

Part II Qualifying Examination Results for the past five years:

Year	%Pass Rate	Enrolment	No. Passed
2007	22.0	9	2
2008	78.0	9	7
2009	56.0	9	5
2010	71.4	7	5
2011	86.0	14	12

PPE – Results for the past five years:

Year	%Pass Rate	Enrolment	No. Passed
2007	70.37	108	76
2008	54.9	113	62
2009	90.7	140	127
2010	80.4	41	33
2011	75.0	129	97

4.4. Student Awards

Luxmore Gorejena from Deloitte was awarded the Duff Award of Merit for being the best overall PPE student taking into account both PPE and Part I QE results for 2011 and again took the District Society Prize for being the best student in TIPP (Auditing), while Clemence Muchingami from ZB Bank took the Econet Wireless prize for the being the best TOPP (Financial Management) student for 2011.

Tinashe Matilda Chikara of Ernst & Young was the best overall student in the 2012 Part I examination.

5. PUBLIC RELATIONS AND MARKETING

During the period under review, it remained the prerogative of the Public Relations and Marketing Office to ensure that the Institute gets publicity and favourable profiling. The Institute witness positive coverage of events such as the CPD seminars, Presentation of Certificates and the donation by Chartered Accountant Students Society on national television, national and online papers.

In our quest to promote accountancy among schools, we organized a career fair which was attended by three local Schools at Prince Edward High in October 2011. The CEO gave an address on how to become a Chartered Accountant. We also participated at an educational Career Expo that was organized by Show Masters at HICC in June 2012. The purpose of this event was to offer school students and leavers an opportunity to learn about different career programs available that will enable them to choose their desired profession and build their careers through more informed decisions and better guidance therefore helping them to realise their dreams. Almost 100 students attended the session presented by the CEO. We believe the opportunity we got at the event worked well towards our objective of accountancy awareness considering the number of schools and students who were present.

We continued with our renewed relationship with the Universities. During the period under review, sponsorship of prizes to graduating students was done to National University of Science and Technology and Africa University. The Institute made a commitment to sponsor prize winners from all accredited Universities. However, efforts to get information which necessitate sponsorship of students from institutions such as Midlands State University and Solusi University remain futile. Continued efforts are being made to ensure the establishment of contacts with those universities is achieved.

6. CASS 2012

The CASS 2012 calendar commenced in February 2012 with the election of the Executive Committee. The Committee came up with the following broad activities for the ensuing year:

Social Corporate Responsibility
Students appreciate the training opportunities that firms provide. The training offices are very limited and cannot accommodate all students who would like to pursue the profession and thus students feel very privileged to have been granted the opportunity.

CASS committee raised funds from various training offices and a donation of $5 000 was made to Mbuya Nehanda Children's Home to sponsor various projects.

Student development
As part of the student development, the Committee organised a seminar that was held from 21 to 24 June 2012 at the Kingdom Hotel, Victoria Falls. To ensure that the seminar achieved the objective of developing students through career guidance and networking, high profile speakers were invited and they included among others; Mr. D. Mboweni, Mr. E. Chanakira, Mr. F. Kapanje and Mr. T. Nyambirai . The seminar ran under the theme "Inspire the leaders of tomorrow" and given the profile of invited speakers indications are that students obtained invaluable insight.

Social event
The Committee has scheduled an inter-firm sports day on 24 August 2012 at the ZB Sports Club. The sports day has over the years become a very big event on the CASS calendar as it brings students together through the various sporting disciplines. The event also gives students an opportunity to take a breather from their end of year UNISA and Board exams.

7. CORPORATE GOVERNANCE

The Institute is run by Council in line with the by-laws as guided by the Chartered Accountant Act. The Institute subscribes to standards of best practice as they are practiced in a professional institute. In order to achieve its objectives, Council has a framework of committees to which it delegates responsibility for translating the policies and strategies into actions to meet the stakeholders' expectations.

7.1. Committees

The following committees and their composition were in placeduring the period under review.

Executive Committee

	Meetings Attended
B. Njikizana - President	10/10
W. Mupanguri - Senior Vice President	9/10
T. Rwodzi - Junior Vice President	8/10
M. T. Kunaka - Chief Executive Officer	8/10

Exam Board

	Meetings Attended
C.B. Thorn - Chairperson	5/5
F. Kuipa	5/5
M. Harvey	3/5
T. Rwodzi	3/5
V. Lapham	3/5
T. Matavire	2/5

Education Committee

	Meetings Attended
W. Mupanguri - Chairperson	9/10
C.B. Thorn	8/10
G. Cheater	9/10
A. Mubaiwa	8/10
C. Muzondo	5/10
S. Mudombi	8/10
T. Mafunga	8/10
E. Ravasingadi	8/10
M.T. Kunaka	4/10
F. Gwiza	4/4
C. Maswi	3/4
M. Revai	3/3

Human Resources Committee

	Meetings Attended
D. Gwande - Chairperson	6/6
M. Makaya	4/6
Z. Kumwenda	2/6
T. Chikohora	2/6
M.T. Kunaka	4/6

Accounting Procedures Committee

	Meetings Attended
N. Mudzamiri - Chairperson	8/9
G. Cheater	7/9
B. Nyajeka	5/9
B. Matamba	7/9
S. Murwisi	7/9
C. Mukondiwa	6/9
S. Nyanhongo	5/9
V. Muyambo	7/9
J. Jonga	4/9
L. Ganda	4/9
L. Nyajeka	5/9
A. Daka	6/9
S. Michael	5/9
U. Phiri	6/9
M.T. Kunaka	4/9
L. Machanzi	new
L. Kamaba	new

Tax and Other Legislation Committee

	Meetings Attended
T. Rwodzi - Chairperson	2/5
N.V. Forsgate	3/5
P. Cawood	4/5
R. Masaire	2/5
S. Matoushaya	2/5
K.C. Harvey	1/5
M. Ngorima	1/5
A. Makamure	0/5
M. Chipunza	0/5
L. Taruvinga	3/5
M. Gotora	1/5
T. Wisdom	0/5
M. Lopes	5/5
C. Munemo	2/5
T. Mavima	1/5
H.Des fontaine	2/5
L. Mawire	1/5
C. Muzerengi	0/5
M.T. Kunaka	1/2
T. Mhere	1/2
D. Ngwenya	4/5
J. Chibwe	0/5
P. Dube	1/5

7.1. Committees (cont'd)

Audit and Finance Committee

	Meetings Attended
G Zvaravanhu - Chairperson	6/9
T. Matavire	3/9
F. Kuipa	4/9
B. Nyajeka	4/9
C. Chakona	4/9
M.T. Kunaka	7/9

Auditing and Professional Standards Committee

	Meetings Attended
R. Chimanikire - Chairperson	3/6
D. Marange	3/6
M. Debeer	3/6
C. Kazembe	3/6
P. Mithal	4/6
P. Gwatidzo	1/6
T. Mabande	3/6
B. Matamba	4/6
F. Manyangadze	3/6
C. Ruzengwe	2/6
M. Chanduru	4/6
M.T. Kunaka (ex-officio)	
T. Mafunga	3/6

Public Relations Committee

	Meetings Attended
S. Gwanzura-Chairperson	5/8
S. Ndhlovu	5/8
P. Gwatidzo	1/8
A. Karemba	4/8
A. Makamure	4/8
Z. Zvenyika	6/8
E. Bloch	8/8
K. Bhaera	4/8
S. Chitewe	4/8
J. Shumba	1/8
M.T. Kunaka (ex-officio)	

Investigations Committee

	Meetings Attended
S. Hammond Chairperson	2/2
M.T. Kunaka	1/2
F. Kembo	2/2
M. Dube	1/2
V. Ndhlovu	2/2
J. Mushore	1/2

Practice Review Committee

	Meetings Attended
P. Bailey - Chairperson	8/10
M. Frudd	7/10
G. Sabarauta	9/10
P. Dickinson	0/10
S. Bvurere	6/6
M.T. Kunaka	6/10
C. Mushambadzi	2/4
M. Tapera - Reviewer	8/10
T. Purdon - Reviewer	9/10

Public Sector Committee

	Meetings Attended
T. Chizana - Chairperson	3/3
S. Mushosho	3/3
S. Chitehwe	0/3
N. Muvirimi	0/3
G. Hofisi	0/3
N. Ziumbe	1/3
L. Usayi	1/3
M.T. Kunaka	0/3
E. Chisango	0/3
I. Rukweza	0/3
K. Horonga	0/3
Comptroller & Auditor General	0/3
Representatives	1/3
UDCORP Representatives	0/3

Continuous Professional Development

	Meetings Attended
C. Kazembe - Chairperson	2/4
M. Makaya	2/4
S. Mushosho	2/4
K. Lemani	1/4
S. Mavende	3/4
T. Mukuku	2/4
K. Eceolaza	2/4
M.T. Kunaka (ex-officio)	

New Membership Category Committee

	Meetings Attended
D. Marange Chairperson	4/4
C. Kazembe	4/4
E. Dhenhere	4/4
T. Mukadzambo	4/4
M. Kunaka	3/4
M. Makaya	1/4

7.2. District Societies

Mashonaland District Society

T. Mudidi - Chairperson
P. Mutataguta
J. Jonga
B. Ndachena
H. Nhende
S. Mushosho
N. Mkwananzi
A. Chiremba

Matebeleland District Society

T. Chizana – Chairperson
S.Gwanzura
J. Ngwenya
A. Ngwenya
F. Mguni
F. Jassat
J. Mafu
Z. Kumwenda
F. Rwakonda
C. Mutale
L. Hlabangana

UK Chapter

B. Chatira - Chairperson
P. Nekati
T. Nyaunzwi
M. Mswabuki
D. Mpunzi
B. Mcloughlin
K. Nyangoni

South Africa Chapter

C. Mapaure - Chairperson
S. Matoushaya
P. Mpofu
K. Makoni

Cayman Islands Chapter

E. Machingambi – Chairperson

Canada Chapter

I. Changamire - Chairperson

7.3. CASS

A. Chirombo – Chairperson
T. Mashamhanda
T. Savanhu
M. Rukuni
K. Choga
A. Muzira
R. Chiminya

Past Presidents of ICAZ

P F Derry	1919
F A Collins	1920
R H Everett	1921
R R Olver	1922
A C Raymer	1923
T J Rooney	1924
T J Rooney	1925
R Olver	1926
F A Collins	1927
F A Collins	1928
C J MacNaughtan	1929
R R Olver	1930
W M Brown	1931
F Rixon	1932
C R Musto	1933
A Keay	1934
T E Speight	1935
E P Vernall	1936
E P Vernall	1937
W V Brown	1938
C J MacNaughtan	1939
P F Derry	1940
W E Scott-Russell	1941
F A Collins	1942
C R Causton	1943
R Williamson	1944
T B Rouse	1945
W J Underwood	1946
W J Underwood	1947
C R Causton	1948
H V Fraser	1949
A Underwood	1950
C R Musto	1951
A J L Lewis	1952
K M Lewis	1953
C R Causton	1954
H B Hone	1955
H B Hone	1956
W B Murray	1957
S G Harsant	1958
L A W Hawkins	1959
B W S O' Connell	1960
A G H Walker	1961
R G Wurth	1962
C F Buckland	1963
A Underwood	1964
W A Duff	1965

A Underwood	1965
A J S Bosworth	1966
A J L Lewis	1967
M B Davies	1968
C J Voss	1969
B L Sedgewick	1970
R J Hedley	1971
J F Irvine	1972
C L Reed	1973
E E Skeet	1974
E R Bradford	1975
E E Skeet	1975
C M W Mackay	1976
J A Appleby	1977
J W Morley	1978
J C Roome	1979
D J M Vincent	1980
P J Barnacle	1981
T A Taylor	1982
P L Bailey	1983
J A Atkinson	1984
P Walters	1985
D J M Vincent	1986
M D Frudd	1987
N Kudenga	1988
P W Fearnhead	1989
E S Mangoma	1990
T G Hooley	1991
G Gomwe	1992
P Turner	1993
M R Willis	1994
D Benecke	1995
B Ndebele	1996
S J Hammond	1997
N Nyandoro	1998
M J-R Dube	1999
C B Thorn	2000
J A Mushore	2001
D J Scott	2002
M T Kunaka	2003
E W Bloch	2004
D S Gwande	2005
V L Ndlovu	2006
T L Gumbo	2007
N P S Zhou	2008
E Chisango (Mrs)	2009
C Malunga	2010
B Njikizana	2011

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

Financial Statements for the year ended 31 May 2012

pwc

INDEPENDENT AUDITOR'S REPORT
to the members of

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

We have audited the financial statements of The Institute of Chartered Accountants of Zimbabwe which comprise the statement of financial position as at 31 May 2012, and the statements of comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 23 to 44.

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

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 about 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 risks 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as at 31 May 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Chartered Accountants Act (Chapter 27:02).

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Harare
13 July 2012

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
P O Box 453, Harare, Zimbabwe
T: +263 (4) 338362-8, F: +263 (4) 338395, www.pwc.com

Statement of Financial Position
as at 31 May 2012

	Note	2012 US$	2011 US$
ASSETS			
Non-current assets			
Property and equipment	5	326 786	320 870
Intangible assets	6	9 361	1 940
		336 147	**322 810**
Current assets			
Inventories	7	15 399	-
Accounts receivable	8	240 695	158 260
Financial assets at fair value through profit or loss	9	1 464	1 834
Cash and cash equivalents	10	198 010	174 728
		455 568	**334 822**
Total assets		**791 715**	**657 632**
RESERVES AND LIABILITIES			
Reserves			
Non-distributable reserve	11	-	344 483
Accumulated surplus/(deficit)		201 426	(168 896)
		201 426	**175 587**
Non-current liabilities			
Borrowings	13	19 177	-
Current liabilities			
Accounts payable	12	416 444	294 877
Borrowings	13	154 668	187 168
		571 112	**482 045**
Total liabilities		**590 289**	**482 045**
Total reserves and liabilities		**791 715**	**657 632**

B NJIKIZANA (PRESIDENT)

M T KUNAKA (CHIEF EXECUTIVE OFFICER)

HARARE

29 June 2012

Statement of Comprehensive Income

for the year ended 31 May 2012

	Note	Year ended 31-May 2012 US$	17 months ended 31-May 2011 US$
Revenue	14	1 199 856	1 524 784
Administrative expenses	15	(1 405 289)	(1 557 384)
Other income	17	286 283	64 124
Operating surplus		**80 850**	**31 524**
Finance income	18	7 472	7 040
Finance costs	18	(62 483)	(46 676)
Surplus/(deficit) for the period		**25 839**	**(8 112)**
Other comprehensive income for the period		-	-
Total comprehensive surplus/(deficit) for the period		**25 839**	**(8 112)**

Statement of Changes in Reserves

for the year ended 31 May 2012

	Non-distributable reserve US$	Accumulated (deficit)/surplus US$	Total US$
Balance at 1 January 2010	344 483	(160 784)	183 699
Deficit for the period	-	(8 112)	(8 112)
Balance at 31 May 2011	344 483	(168 896)	175 587
Balance at 1 June 2011	344 483	(168 896)	175 587
Transfer to accumulated fund	(344 483)	344 483	-
Surplus for the year	-	25 839	25 839
Balance at 31 May 2012	-	201 426	201 426

Statement of Cash Flows

for the year ended 31 May 2012

	Note	Year ended 31 May 2012 US$	17 months ended 31 May 2011 US$
Cash flows from operating activities			
Surplus/(deficit) for the period		25 839	(8 112)
Adjustments for:			
Depreciation of property and equipment	5	41 290	60 303
Amortisation of intangible assets	6	3 688	388
(Profit)/loss on disposal of property and equipment		(3 894)	14 351
Finance costs - net	18	17 248	7 233
Fair value loss on financial assets at fair value through profit or loss		370	-
Changes in working capital:			
(Increase)/decrease in inventories		(15 399)	2 069
Increase in accounts receivable		(82 435)	(94 118)
Decrease in accounts payable		121 567	57 947
Cash generated from operations		108 275	40 061
Interest paid	18	(24 720)	(14 273)
Net cash generated from operating activities		83 555	25 788
Cash flows from investing activities			
Acquisition of property and equipment	5	(108 049)	(142 499)
Acquisition of intangible assets	6	(11 109)	(2 328)
Proceeds from sale of property and equipment		64 737	46 112
Proceeds from sale of financial assets at fair value through profit or loss		-	248
Interest received	18	7 472	7 040
Net cash used in investing activities		(46 949)	(91 427)
Cash flows from financing activities			
Proceeds from borrowings		48 000	187 700
Repayments of borrowings		(61 323)	-
Net cash (used in)/generated from financing activities		(13 323)	187 700
Net increase in cash and cash equivalents		23 282	122 061
Cash and cash equivalents at the beginning of the period		174 728	52 667
Cash and cash equivalents at the end of the period	10	198 010	174 728

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of preparation and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS"). The financial statements are based on statutory records that are maintained under the historical cost convention.

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

2.1.1. Changes in accounting policies and disclosures

a) New and amended standards adopted by the Institute.

IAS 24 (revised), 'Related party disclosures', issued in November 2009, effective 1 January 2011. It supersedes IAS 24, ‘Related party disclosures’, issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities.

b) **New standards, amendments and interpretations issued but not effective for the financial year beginning 1 June 2011 and not early adopted**.

The following standards, amendments to existing standards and interpretations have been published but are not yet effective and are relevant to the Institute's operations.

The Institute is still assessing the impact of these new standards and interpretations set out below.

- 'IAS 1, 'Financial statement presentation' regarding other comprehensive income, effective 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- Amendment to IAS 19,"Employee benefits" The amendment to IAS 19, 'Employee benefits', makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

- Amendment to IFRS 7 ,"Disclosures-Transfer of financial assets", effective 1 July 2011. The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.

- IFRS 9, 'Financial instruments', issued in November 2009, effective date has been deferred to 1 January 2015. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Institute's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption.

- IFRS 13, "Fair value measurement", effective 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fairvalue accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

- Amendments to IAS 32,"Financial Instruments: Presentation", effective 1 January 2014. The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

2.1.2. Going concern

The Council Members have a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. The Institute therefore continues to adopt the going concern basis in preparing its financial statements.

2.2. Foreign currencies

2.2.1. Functional and presentation currency

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

2.2.2. Transactions and balances

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

2.3. Property and equipment

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2.4. Intangible assets

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

Computer software costs recognised as assets are amortised over their estimated useful lives, which do not exceed two years.

2.5. Impairment of non-financial assets

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

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

2.6. Financial assets

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

2.6.1. Recognition and measurement

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

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

2.6.2. Derecognition

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

2.7. Offsetting financial instruments

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

2.8. Impairment of financial assets

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

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

a) Significant financial difficulty of the issuer or obligor;
b) A breach of contract such as a default or delinquency in interest or principal payments;
c) It becomes evident that the borrower will enter bankruptcy or financial re-organisation;
d) The disappearance of an active market for that financial asset because of financial difficulty;

e) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
   i. adverse changes in the payment status of borrowers in the portfolio; and
   ii. national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Institute first assesses whether objective evidence of impairment exists.

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

2.9. Inventories

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

2.10. Cash and cash equivalents

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

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

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

2.11. Accounts receivable

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

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

2.12. Borrowings

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

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

2.13. Provisions

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

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

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

2.14. Employee benefits

2.14.1. Pension obligations

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

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

2.14.2. Termination benefits

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

2.15. Revenue recognition

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

2.15.1. Subscriptions

Revenue from subscriptions is recognised on an accrual basis.

2.15.2. Education programmes

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

The Institute has a standing arrangement with UNISA whereby ICAZ retains 40% of the module cost to cover administrative expenses for running UNISA programmes and 60% is remitted to UNISA. The Institute recognises 40% as revenue.

2.15.3. Sale of services

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

2.15.4. Interest income

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

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk management

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

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

a) Market risk

i. Foreign exchange risk

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

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

At 31 May 2012 the Institute had the following exposure to foreign currencies:

- Bank balances -ZAR880 665, carried at US$103 274
- Receivables -ZAR413 910, carried at US$48 524

At 31 May 2012 if the US$ had weakened/strengthened by 10% against the South African rand with all other variables constant, the effect on surplus for the year would have been US$15 180 higher/lower, mainly as a result of foreign exchange gains/losses on translation of the rand denominated bank balances and receivables.

ii. Price risk

The Institute is not exposed to price risks.

iii. Cash flow and fair value interest rate risk

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

At 31 May 2012, if interest rates on borrowings had been 5% higher/lower with all other variables held constant, the surplus for the period would have been US$13 983 higher/lower, as a result of a higher/lower interest expense on borrowings at variable rates.

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

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

b) Credit risk

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

The Institute's exposure to credit risk by class of financial asset is as follows:	**2012 US$**	**2011 US$**
Accounts receivable	240 695	158 260
Cash and cash equivalents	198 010	174 728
	438 705	332 988

The fair value of cash and cash equivalents and accounts receivable as at 31 May 2012 approximates the carrying amount.

Analysis by credit quality of financial assets is as follows:

	2012 US$	2011 US$
Neither past due nor impaired		
-Accounts receivable	-	25 649
-Cash and cash equivalents	198 010	174 728
Total neither past due nor impaired	198 010	200 377
Past due and not impaired		
-Accounts receivable	240 695	132 611
Past due and impaired		
- Accounts receivable	146 468	140 638

c) Liquidity risk

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

A maturity analysis of the Institute's financial instruments as at 31 May 2012 is as follows:

At 31 May 2012	On demand and less than one month US$	From 1 to 6 months US$	From 6 to 12 months US$	More than 12 months US$	Total US$
Assets					
Accounts receivable (excluding prepayments)	-	234 065	-	-	234 065
Financial assets at fair value through profit or loss	1 465	-	-	-	1 465
Cash and cash equivalents	198 010	-	-	-	198 010
Total assets	199 475	234 065	-	-	433 540
Liabilities					
Accounts payable (excluding statutory liabilities)	123 222	274 460	-	-	397 682
Borrowings	1 253	7 522	150 799	14 271	173 845
Total liabilities	124 475	281 982	150 799	14 271	571 527
Liquidity gap	75 000	(47 917)	(150 799)	(14 271)	(137 988)
At 31 May 2011					
Assets					
Accounts receivable (excluding prepayments)	-	156 011	-	-	156 011
Financial assets at fair value through profit or loss	1 834	-	-	-	1 834
Cash and cash equivalents	174 728	-	-	-	174 728
Total assets	176 562	156 011	-	-	332 573
Liabilities					
Accounts payable (excluding statutory liabilities)	240 392	23 809	-	-	264 201
Borrowings	-	-	187 168	-	187 168
Total liabilities	240 392	23 809	187 168	-	451 369
Liquidity gap	(63 830)	132 202	(187 168)	-	(118 796)

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

	2012 US$	2011 US$
d) Financial instruments by category		
Assets as per statement of financial position		
	Loans and receivables	
Accounts receivable (excluding pre-payments)	234 065	156 011
Cash and cash equivalents	198 010	174 728
	432 075	330 739
	Assets at fair value through profit or loss	
Financial assets at fair value through profit or loss	1 464	1 834
Total assets	433 539	332 573
Liabilities as per statement of financial position		
	Other financial liabilities at amortised cost	
Accounts payable (excluding statutory liabilities)	397 682	264 202
Borrowings	173 845	187 168
Total liabilities	571 527	451 370

3.2. Capital risk management

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

3.3. Fair value estimation

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1. Critical accounting estimates and assumptions

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

a) Useful lives of property and equipment

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

b) Impairment on accounts receivable

The Institute reviews its accounts receivable to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Institute makes a provision for impairment using historical loss experience.

5. PROPERTY AND EQUIPMENT

	Land and buildings US$	Motor vehicles US$	Computer equipment US$	Furniture and fittings US$	Total US$
Year ended 31 May 2011					
Opening net book amount	196 000	66 267	14 451	22 419	299 137
Additions	-	116 618	24 856	1 025	142 499
Disposals	-	(55 278)	(5 185)	-	(60 463)
Depreciation charge	(5 666)	(43 362)	(7 583)	(3 692)	(60 303)
Closing net book amount	190 334	84 245	26 539	19 752	320 870
At 31 May 2011					
Cost	200 000	143 340	36 710	25 910	405 960
Accumulated depreciation	(9 666)	(59 095)	(10 171)	(6 158)	(85 090)
Net book amount	190 334	84 245	26 539	19 752	320 870
Year ended 31 May 2012					
Opening net book amount	190 334	84 245	26 539	19 752	320 870
Additions	100	50 100	45 113	12 736	108 049
Disposals	-	(59 645)	(1 198)	-	(60 843)
Depreciation charge	(4 001)	(26 081)	(8 031)	(3 177)	(41 290)
Closing net book amount	186 433	48 619	62 423	29 311	326 786
At 31 May 2012					
Cost	200 100	58 100	79 811	38 247	376 258
Accumulated depreciation	(13 667)	(9 481)	(17 388)	(8 936)	(49 472)
Net book amount	186 433	48 619	62 423	29 311	326 786

Depreciation expense of US$41 290 (2011: US$60 303) has been charged in 'administrative expenses' in the statement of comprehensive income.

	2012 US$	2011 US$
6. INTANGIBLE ASSETS		
Computer software		
Opening net book amount	1 940	-
Additions	11 109	2 328
Amortisation	(3 688)	(388)
Closing net book amount	9 361	1 940
Cost	13 437	2 328
Accumulated amortisation	(4 076)	(388)
Net book amount	9 361	1 940

Amortisation of US$3 688 (2011: USD$388) is included in 'administrative expenses' in the statement of comprehensive income.

7. INVENTORIES

	2012 US$	2011 US$
IFRS Books	15 399	-

8. ACCOUNTS RECEIVABLE

	2012 US$	2011 US$
Member subscriptions	207 838	257 181
Less: allowance for impairment of member subscriptions	(140 618)	(124 570)
Member subscriptions-net	67 220	132 611
Prepayments	6 630	2 249
Receivable from member firms	122 350	-
Other receivables	50 345	39 468
	179 325	41 717
Less: allowance for impairment of other receivables	(5 850)	(16 068)
Other receivables-net	173 475	25 649
Total	240 695	158 260

	2012 US$	2011 US$

8. ACCOUNTS RECEIVABLE (cont'd)

The carrying amounts of the accounts receivables approximate their fair values and are denominated in US dollars.

As of 31 May 2012, member subscriptions receivable of US$67 220 (2011: US$132 611) were past due but not impaired.

The ageing of these receivables is as follows:

	2012 US$	2011 US$
Greater than 90 days	67 220	132 611

As of 31 May 2012, member subscriptions receivable of US$140 618 (2011: US$124 750) were past due and impaired.

Movements on the provision for impairment are as follows:

	2012 US$	2011 US$
At beginning of period	140 638	176 715
Provision for receivables impairment	5 830	76 648
Receivables written off during the year as uncollectible	-	(112 725)
At end of period	146 468	140 638

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 US$	2011 US$
Listed securities	1 464	1 834

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

10. CASH AND BANK

	2012 US$	2011 US$
Cash at bank and on hand	123 975	68 793
Short-term deposits	74 035	187 059
	198 010	255 852
Less: Allowance for impairment of short-term fixed deposits	-	(81 124)
	198 010	174 728

		2012 US$	2011 US$
11.	**NON DISTRIBUTABLE RESERVES**		
	At beginning of the period	344 483	344 483
	Transfer to accumulated fund	(344 483)	-
	Balance at 31 May	-	344 483

At 1 June 2011 the Institute's statement of financial position contained a non-distributable reserve of US$344 483. This arose as a result of the transition from the use of the Zimbabwe dollar as the functional and presentation currency to the use of the United States dollar as the functional and presentation currency. IFRS permits the transfer of such a non-distributable reserve to distributable reserves. Council members have decided to transfer the balance of US$344 483 to accumulated fund.

		2012 US$	2011 US$
12.	**ACCOUNTS PAYABLE**		
	Amounts due to:		
	- Public Accountants and Auditors Board	-	38 363
	- South African Institute of Chartered Accountants	-	33 600
	Member subscriptions paid in advance	25 937	53 101
	Social security costs and other taxes	18 762	30 676
	Accrued expenses	65 343	38 956
	Leave pay	29 055	23 807
	Employee benefits	274 460	56 133
	Other payables	2 887	20 242
		416 444	294 877
13.	**BORROWINGS**		
	Non-current		
	Finance lease liabilities	19 177	-
	Current		
	Loans from member firms	144 584	187 168
	Finance lease liabilities	10 084	-
		154 668	187 168
	Total borrowings	173 845	187 168
13.1.	Loans from member firms	144 584	187 168

Loans were received from member firms during the period to 31 May 2011 as the Institute was experiencing financial difficulties. The interest charged on these loans is 60% of the market rate. The loan amounts are to be settled against students' and members' subscriptions. The loans are not secured. The balance is to be settled in the next 12 months.

The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant.

		2012 US$	2011 US$
13.2.	Finance lease liabilities		
	Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.		
	Gross finance lease liabilities-minimum lease payments:		
	-Not later than 1 year	15 044	-
	-Later than 1 year and not later than 2 years	22 401	-
		37 445	-
	Future finance charges on finance lease	(8 184)	-
	Present value of finance lease liabilities	29 261	-
	The present value of finance lease liabilities is as follows:		
	Not later than one year	10 084	-
	Later than 1 year and no later than 2 years	19 177	-
		29 261	-

14. REVENUE

	2012 US$	2011 US$
Membership subscriptions and levies	687 166	949 792
ZCTA, UNISA and QE examination commissions	512 690	574 992
	1 199 856	1 524 784

		2012	2011
		US$	US$
15.	**EXPENSES BY NATURE**		
	Audit fee	5 711	-
	Legal fees	35 041	-
	Other assurance fees - special investigations	-	24 530
	Depreciation and amortisation	44 978	60 691
	Loss on disposal of motor vehicles	-	14 351
	Payments to Council members	-	2 052
	Consulting fees	13 931	24 972
	Motor vehicle expenses	62 412	94 220
	Travelling, conferences and seminars	51 900	43 937
	Subscriptions	5 000	29 104
	Telephone and postage	32 061	72 770
	Penalties for late payment of PAYE	-	16 895
	Employee benefit expenses (note 16)	759 618	782 401
	Provision for impairment of receivables	5 850	76 278
	Provision for impairment of investments	-	81 124
	Public Accountants and Auditors Board levies	84 435	36 211
	Education costs	127 647	72 944
	Repairs and maintenance	29 449	16 697
	Withholding tax expense	24 567	-
	Printing and stationery	21 869	19 506
	Canteen and housekeeping expenses	18 614	22 170
	Graduation costs	15 357	16 061
	Bank charges	15 094	15 558
	General expenses	13 554	17 033
	Other costs	38 201	17 879
	Total administrative expenses	1 405 289	1 557 384

		2012	2011
16.	**EMPLOYEE BENEFIT EXPENSES**		
	Wages and salaries	429 832	625 358
	Other employee benefit expense	218 328	93 332
	Retrenchment costs	69 375	-
	Pension costs;		
	- NSSA	4 379	13 903
	- Old Mutual Life Assurance	37 704	49 808
		759 618	782 401

		2012 US$	2011 US$
17.	**OTHER INCOME**		
	Sale of books and materials	-	24 672
	Insurance reimbursement	1 812	1 632
	Services to Public Accountants and Auditors Board	-	8 270
	Photocopying income	43 577	13 884
	Accounting Professional Training	15 240	-
	Continuing Professional Development	14 744	7 123
	Recovery of funds from former employee	86 916	-
	Investment recovered	78 200	-
	Sundry income	45 794	8 543
		286 283	64 124
18.	**FINANCE INCOME AND COSTS**		
	Finance income		
	-Interest income on short term bank deposits	7 472	7 040
	Interest expense:		
	-Loans from member firms	(22 010)	(14 273)
	-Finance lease liabilities	(2 710)	-
	Net foreign exchange losses	(37 763)	(32 403)
		(62 483)	(46 676)
	Net finance costs	**(55 011)**	**(39 636)**

19. RETIREMENT BENEFIT OBLIGATIONS

The Institute of Chartered Accountants of Zimbabwe Pension Fund

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

National Social Security Authority (NSSA) Scheme

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

Contributions to the schemes, recognised in the statement of comprehensive income were as follows:

	2012 US$	2011 US$
The Institute of Chartered Accountants of Zimbabwe Pension Fund	37 704	49 808
NSSA	4 379	13 902
	42 083	63 710

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:
Key management compensation:

Salaries and other benefits	142 447	128 405
Post employment benefits	15 800	38 000
	158 247	166 405

There were no loans to key management.

THE INSTITUTE OF
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OF ZIMBABWE

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