

THE ICAZ- CASS SCHOLARSHIP FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2018

**THE ICAZ-CASS SCHOLARSHIP TRUST FUND
FINANCIAL STATEMENTS
For the year ended 31 May 2018**

BOARD OF TRUSTEES:

Arthur Mubaiwa
Gerald Matavata
Matthews Kunaka
Chiedza Dziva
Gloria Zvaravanhu
Tinashe Rwodzi

Chairman
Vice - Chairman
Treasurer
Public Relations Officer
Trustee
Trustee

REGISTERED OFFICE:

2 Bath Road
Belgravia
Harare

AUDITORS:

HLB Zimbabwe Chartered Accountants
14 Downie Avenue
Alexandra Park
Harare

BANKERS:

NMB Bank – Joina City

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

Content	Page
Board of Trustees' responsibility statement	3-4
Independent auditors' report	5-8
Statement of financial position	9
Statement of comprehensive income	10
Statement of changes in funds	11
Statement of cashflows	12
Notes to the financial statements	13-16

THE ICAZ-CASS SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

BOARD OF TRUSTEES' RESPONSIBILITY STATEMENT

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all trustees are required to maintain the highest ethical standards in ensuring the Trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Trust is on identifying, assessing, managing and monitoring all known forms of risk across the Trust. While operating risk cannot be fully eliminated, the Trust endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.


The trustees are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have assessed the ability of the Trust to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

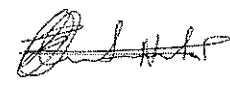
Compliance with IFRS

Financial Statements are prepared with the aim of complying with reporting standards including International Financial Reporting Standards (IFRS). While full compliance was possible after 2009, it became increasingly difficult since 2017 due to effects of changes in functional currency and changes in price level in the economy. This culminated in the watershed monetary policy statement by the Reserve Bank Governor of 20 February 2019, which formally established an RTGS dollar currency as detailed in a note on post balance sheet events. As a result, we have to accept that these Financial Statements are not fully compliant with IFRS.

The financial statements and the related notes, which have been prepared on the going concern basis, were approved by the Board of trustees and were signed on its behalf by:



.....
Chairman of Board of Trustees
Arthur Mubaiwa



.....
Trustee
Gerald Matavata

TRUSTEES' REPORT

The Trustees submit their report for the year ended 31 May 2018.

1. Review of activities

Main business and operations

The Trust is a not for profit organisation which was created in terms of a Notarial deed of trust-Number MA0000828/2015. Below are the objectives of the Trust:

- To offer educational assistance to academically gifted persons from disadvantaged backgrounds wishing to pursue careers as Chartered Accountants in Zimbabwe;
- To provide financial support for less privileged students;
- To groom, mentor and provide life skills to beneficiaries;
- To promote the maintenance of any school or faculty providing education in relation to the business of ICAZ;
- To provide valuable life-skills information which children facing complex challenges need such as education, mentorship and career guidance in order for them to be able to make informed life decisions;
- To nurture scholarship beneficiaries to have a heart for the community that will help them to willingly make contributions to the Trust when they have successfully completed their training;
- To create awareness of the Chartered Accountancy profession to prospective students and the general public;
- To fund and set up libraries across the country with a bias on accounting related books;
- To generally promote the education of persons studying to become Chartered Accountants in Zimbabwe; and
- Generally, to do or undertake all or any such other acts, matters or things and charitable activities as are necessary for the attainment of all of the above objects or any one of them.

In the financial year ended 31 May 2018, the Trust made its first recruitment of seven students who have started their tertiary education at the University of Zimbabwe (four), National University of Science and Technology (one) and the Midlands State University (two). Four of these students are on full scholarship, while the other three are on partial scholarship, which only covers the tuition expenses. The operating results and state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The Funds is planning on growing the fund, recruiting more beneficiaries in the coming years, as the fund continues to grow

INDEPENDENT AUDITOR'S REPORT

To the members of the ICAZ-CASS Scholarship Trust Fund

Adverse Opinion

We have audited the accompanying financial statements of ICAZ–CASS Scholarship trust fund, set out on pages nine to sixteen, which comprise the statement of financial position as at 31 May 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements do not present fairly, in all material respects, the financial position of ICAZ–CASS Scholarship trust fund as at 31 May 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for our Adverse Opinion

As indicated in notes 2 and 9 the financial statements are prepared on the basis that the United States Dollar is the functional currency and figures reflected in the financial statements are US\$. This assumed that the US\$ and RTGS\$ were equal thus a 1:1 assumption was taken. However, post balance sheet event as noted in note 2 indicate that there are huge difference between the two currencies giving an exchange rate of not less than RTGS\$2.5 to RTGS\$4 against the US\$. Given that transactions taken over period will have happened in conditions of different purchasing power, then resulting balances reflected in the balance sheet will be a mixture of the two currencies and conformity with IFRS standards will be lacking as well as not adhering to IAS 21 (The Effect of changes in foreign exchange rate). Please note that the basis for the adverse opinion is not as a result of actions or inactions of management but a result of macro-economic and regulatory environment.

Other Information

The trustees are responsible for the other information. The other information comprises the Trustees' Statement. The other information does not include the financial statements and our auditor's opinion thereon. Our opinion on the financial statement does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained

prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the provisions of the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing ICAZ-CASS Scholarship Trust Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ICAZ-CASS Scholarship Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by trustees.

- Conclude on the appropriateness of trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICAZ-CASS Scholarship trust fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ICAZ-CASS Scholarship Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of ICAZ-CASS Scholarship Trust Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of ICAZ-CASS Scholarship Trust Fund's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirement

The financial statements of ICAZ-CASS Scholarship Trust Fund for the year ended 31 May 2018 are prepared in all material respects.



HLB ZIMBABWE
Chartered Accountants
C.M Ruzengwe:
PAAB Registration Number 099

HARARE
15 May 2019

**THE ICAZ–CASS SCHOLARSHIP TRUST FUND
STATEMENT OF FINANCIAL POSITION
As at 31 May 2018**

	<u>Notes</u>	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
Assets			
Current assets			
Accounts receivable	3	2 912	1 900
Cash and cash equivalents	4	14 471	3 813
Total assets		<u>17 383</u>	<u>5 713</u>
 Funds			
Funds			
Accumulated funds		17 383	5 713
Total funds		<u>17 383</u>	<u>5 713</u>

.....
(Chairman)

.....
(Vice Chairman)

THE ICAZ–CASS SCHOLARSHIP TRUST FUND
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 May 2018

	<u>Note</u>	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
Income	5	17 105	3 069
Other income	6	21	5
Operating and administrative expenses	7	(5 456)	(1)
Surplus for the year		<u>11 670</u>	<u>3 073</u>
Total comprehensive income for the year		<u>11 670</u>	<u>3 073</u>

**THE ICAZ–CASS SCHOLARSHIP TRUST FUND
STATEMENT OF CHANGES IN FUNDS
As at 31 May 2018**

	Accumulated Fund USD
Year ended 31 May 2017	
At 1 June 2016	2 640
Total comprehensive income	3 073
As at 31 May 2017	<u>5 713</u>
Year ended 31 May 2018	
At 1 June 2017	5 713
Total comprehensive income	11 670
As at 31 May 2018	<u>17 383</u>

THE ICAZ–CASS SCHOLARSHIP TRUST FUND
STATEMENT OF CASHFLOWS
For the year ended 31 May 2018

	2018	2017
	USD	USD
Operating activities		
Surplus for the year	11 670	3 073
Changes in working capital		
(Increase) in accounts receivable	(1 012)	(1 100)
Net cash inflow from operating activities	10 658	1 973
Net increase in cash and cash equivalents	10 658	1 973
Cash and cash equivalents at the beginning of the year	3 813	1 840
Cash and cash equivalents at the end of the year	14 471	3 813

THE ICAZ–CASS SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2018

1 GENERAL INFORMATION

Main business and operations

The Trust is a not for profit organisation which was created in terms of a Notarial deed of trust-Number MA0000828/2015. Below are the objectives of the Trust:

- To offer educational assistance to academically gifted persons from disadvantaged backgrounds wishing to pursue careers as Chartered Accountants in Zimbabwe;
- To provide financial support for less privileged students;
- To groom, mentor and provide life skills to beneficiaries;
- To promote the maintenance of any school or faculty providing education in relation to the business of ICAZ;
- To provide valuable life-skills information which children facing complex challenges need such as education, mentorship and career guidance in order for them to be able to make informed life decisions;
- To nurture scholarship beneficiaries to have a heart for the community that will help them to willingly make contributions to the Trust when they have successfully completed their training;
- To create awareness of the Chartered Accountancy profession to prospective students and the general public;
- To fund and set up libraries across the country with a bias on accounting related books;
- To generally promote the education of persons studying to become Chartered Accountants in Zimbabwe; and
- Generally, to do or undertake all or any such other acts, matters or things and charitable activities as are necessary for the attainment of all of the above objects or any one of them.

In the financial year ended 31 May 2018, the Trust made its first recruitment of seven students who have started their tertiary education at the University of Zimbabwe (4), National University of Science and Technology (1) and the Midlands state University (2). Four of these students are on full scholarship, while the other three are on partial scholarship, which only covers the tuition expense. The operating results and the state of affairs of the organization are fully set out in the attached financial statements and do not in our opinion require any further comment.

The Fund is planning to grow though, recruiting more beneficiaries in the coming years and increasing income.

THE ICAZ–CASS SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

As indicated in note 2.3 the financial statements are prepared on the basis that the United States Dollar (US\$) is the functional currency and figures reflected in the financial statements are US\$. This assumes that the US\$ and RTGS\$ were equal thus a 1:1 assumption was taken as prescribed by the Reserve Bank of Zimbabwe. However, during the year ended 31 May 2018, acute shortages of US\$ cash and other foreign currencies in the country resulted in an increase in the utilisation of alternative modes of payment for goods and services with different pricing tiers resulting from retailers using unofficial market rates against the US\$. RTGS, mobile money and bond cash equivalents became in substance defacto currency forms during the financial year ended 31 May 2018. Subsequently on the 22nd of February 2019, a statutory instrument (S.I) 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22.15) and it introduced a new currency called the RTGS Dollar. An interbank market for the RTGS\$ and the US\$ was introduced opening at US\$1: RTGS\$2.5. However, Statutory Instrument 33 of 2019 which was issued on 22 February 2019 states that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in US\$ (other than assets and liabilities referred to in section 44C (2) of the Reserve Bank of Zimbabwe Act) shall on and after the effective date be deemed to be valued in RTGS\$ at a rate of one-to-one to the US\$. The requirement to comply with SI33 of 2019 is a departure from International Accounting Standard 21 “The Effects of Changes in Foreign Exchange rates” (IAS21) which gives guidance on the judgements around appropriate exchange rates to be applied between currencies where there are no legal exchange mechanisms for example a formal foreign exchange market. It also gives guidance on the determination of the functional currency of an entity, for use in preparing its Financial Statements.

2.2 Assets receivable

Assets receivables are recognised initially at the transaction price. An allowance for impairment losses in respect of amounts receivable are recognised when there is objective evidence that the Trust will not be able to collect amounts due according to the original terms of the receivables.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars, which is the company’s functional currency. Please see note 2.4 below on post balance sheet event.

THE ICAZ-CASS SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Post Balance Sheet Event

On 20 February 2019, the Reserve Bank Governor of Zimbabwe issued a monetary statement to the effect that there is a new currency in operation in the economy called the RTGS dollar. This currency comprised all bank, cash, mobile money balances excluding US dollars held in Nostro accounts. These balances were to be taken at 1:1 to the US dollar at inception stage and were allowed to float on the interbank exchange at determined markets rates to the US dollar. The official floating rate by 22 February was US\$1 to RTGS\$2.5 and thereafter the RTGS\$ has been fluctuating and gradually depreciating against the US dollar. The official interbank rate as of 2 April 2019 was around RTGS\$3 to US\$1.

At inception of this new official flexible exchange rate regime, the black market rate was assumed to be around RTGS\$3.5 to US\$1 and as at 2 April 2019, the black market rate was assumed to be about RTGS\$4 to US\$1.

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

2.6 Revenue

Revenue comprises of donor funds. During the year ended 31 May 2018, The Trust received funding from the Institute of Chartered Accountants of Zimbabwe, the Chartered Accountants Students Society (CASS) as well as other well-wishers.

2.7 Going concern

The trustees have assessed the ability of the Trust to continue operating as a going concern in the foreseeable future and determined that it is appropriate. Accordingly, the financial statements have been prepared on a going concern basis.

THE ICAZ–CASS SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

	2018	2017
	USD	USD
3 ACCOUNTS RECEIVABLE		
CASS	-	1,900
ICAZ	1,122	-
Prepayments	1,790	-
	<u>2,912</u>	<u>1,900</u>
4 CASH AND CASH EQUIVALENTS		
Cash at bank- NMB Current Account	14 471	3 813
	<u>14 471</u>	<u>3 813</u>
5 REVENUE		
Donations received	15 983	1 169
Donations pledged	1 122	1 900
	<u>17 105</u>	<u>3 069</u>
6 OTHER INCOME		
Interest received	21	5
	<u>21</u>	<u>5</u>
7 OPERATING AND ADMINSTATIVE EXPENSES		
School fees for beneficiaries	5 049	-
Other administrative expenses	407	1
	<u>5 456</u>	<u>1</u>

8 TAXATION

In terms of paragraph 2(e) of the Third Schedule of the Income Tax Act (Chapter 23:06) the Trust's receipts and accruals are exempt from income tax.

9 SENSITIVITY ANALYSIS

As there were no FCA accounts nor items that require to be revalued, the Trustees have considered not to include a sensitivity analysis on issues discussed in note 2.4, as there is no material impact.