Team SMM crowned 2015 Golf Day Champions

The Shabanie Mashaba Mines (SMM Holdings) team was crowned champions at the ICAZ-Old Mutual Fundraising Golf Day held on 27 March 2015 at Chapman Golf Club.

Speaking at the prize presentation ceremony, ICAZ President, Bothwell Nyajeka said the Institute fundraises for charity as part of its corporate social responsibility to give back to the less privileged people in our society through the annual golf day. “As ICAZ, we are good corporate citizens and we are fundraising for charity,” he said.

He thanked various sponsors who extended their generous sponsorship to this cause. The top sponsors were Old Mutual and CBZ Holdings Limited who were the Title and Anchor sponsors respectively.

Nyajeka said last year the tournament raised $13,500 through various activities such as sponsorship, auctions and team participation fees. A donation of an assortment of foodstuffs, blankets and sanitary wear worth over $9,000 was made to Tokwe-Mukosi flood victims in Chingwizi Camp in Masvingo.

The remainder was used to sponsor prizes for students in the faculty of Accountancy who graduated at University of Zimbabwe, National University of Science and Technology, Africa University and Midlands State University.

Speaking at the same occasion representing Old Mutual, CABS Acting General Manager and ICAZ Past President, Simon Hammond, said donating to charity will particularly assist the less privileged and that will result in sustainable development of communities. Old Mutual is proud to partner with ICAZ in their efforts to assist the less privileged and will continue to support this event into the future, he added.
The New Audit Report: A clear way forward?

Reshaping the audit report is intended to give more insight into the activities of the auditors as the agent of shareholders - again with the aim of increasing accountability and facilitating better engagement.

As the severity of the global financial crisis was exposed to the world, questions shifted from the troubled institutions themselves to the auditors that provided assurance over their financial statements. As auditors, they have been repeatedly asked: Why wasn't any warning given? How could this happen? And headlines such as “Why Didn’t the Watchdog Bark?” started to appear.

At its June 2014 meeting the IAASB:

• Reached agreement on the overarching reporting standard, ISA 700, which includes the agreed new requirements to make an explicit statement on independence and identifying the jurisdiction of origin of independence and other ethical requirements in the auditor's report, identifying the jurisdiction of origin of the sources of those requirements, as well as naming the engagement partner for listed entities. The Board also progressed revisions to ISA 705 as a result of the changes to proposed ISA 700 (Revised).

• Reached agreement on the scope of proposed ISA 701, in particular the requirements to determine Key Audit Matters (KAM) and the conforming amendments to ISA 260. The Board advanced a proposed new requirement to address the possibility that the auditor may decide, in extremely rare circumstances, not to communicate a matter that had been determined to be a KAM in the auditor's report. The Board also considered revisions to ISA 706 to further differentiate the concept of KAM from Emphasis of Matter paragraphs and Other Matter paragraphs.

• Generally supported requiring statements in the auditor's report describing management's and the auditor's responsibilities with respect to going concern, and a proposed new requirement in ISA 570 to enhance the auditor's work effort in relation to disclosures when events and conditions may cast significant doubt on the entity's ability to continue as a going concern but the auditor has concluded that no material uncertainty exists.

• Considered the implications of proposed enhancements resulting from its auditor reporting project on ISA 800, Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks, ISA 805, Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statements and ISA 810, Engagements to Report on Summary Financial Statements, as set out in its ED.

CONCLUSION

The new and revised auditor reporting standards will be applicable for accounting periods ending on or after 15 December 2016. In practical terms, the first audit reports following these new requirements are likely to relate to the financial years ending on 30 June 2017 and beyond. The revised EU legislation applies from 17 June 2016. In practical terms, the first audit reports following these new requirements are likely to relate to financial years ending on 30 June 2017 and beyond. ICAZ through its Audit and Professional Standards Committee will conduct a CPD session in the 2nd quarter of the year on The New Audit Report ISA 700 (revised).

AUTHOR: ELINA BVURERE ASSOCIATE DIRECTOR ERNST & YOUNG

ATTENTION:

If anyone knows the relatives of Forbes Davies born 27 October 1910, please contact the Institute. We have his photo album which might be of interest to his family.

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The Institute held a graduation ceremony for students who successfully passed the Assessment of Professional Competence (APC) and the Public Practice Examinations (PPE) written in November 2014.

These are the final examinations of the chartered accountants qualification. The Institute recorded impressive pass rates of 82 percent and 75 percent in the APC and PPE respectively.

The guest of honor at the ceremony, Jonas Mushosho, the Group Chief Executive Officer of Old Mutual Zimbabwe, the country’s largest integrated financial services provider said CAs have a big responsibility towards shaping the business world. “Don’t be in a mad rush to get to the top, it’s time to learn and become an accomplished accountant. This marks the completion of an arduous journey, as well as the beginning of new challenges as you seek to make your name in the profession,” he said.

“I would like to congratulate the APC & PPE graduands, you made the Institute proud, your achievement deserves exceptional recognition. It is impressive that the students continue to raise the bar of excellence and as ICAZ, it is something we are proud of. These results augment the Institute’s strategy whose focus goal is to grow the ICAZ membership while maintaining quality and growing influence” he added.

“Chartered Accountant Zimbabwe is a reputable qualification that is internationally recognized. To be a CA (Z) comes with a lot of weight and magnanimous reverence. Uphold good corporate governance, ethics and professional values for you are ambassadors of professionalism.” said Nyajeka.

In his closing remarks, the ICAZ CEO, Matts Kunaka commended the trainers and training firms for executing their role diligently. “I would like to convey my sincere gratitude to the trainers and training firms who dedicated their resources to impart professional knowledge to our students. Well done and keep it up”.

He also conveyed his appreciation to the following past presidents who graced the occasion namely Tinashe Rwodzi, Brian Njikizana, Emilia Chisango, Canada Malunga, Bryan Thorn, Munyaradzi Dube and Walter Mupanguri.

A Big Thank You to all our graduation ceremony sponsors...
Meeting with the Minister of Tourism & Hospitality

ICAZ President, Bothwell Nyajeka, ICAZ CEO, Matts Kunaka, Registrar, Felicity Karekwaivanane and CPD/PR & Marketing Co-ordinator, Betty Mpala met with the Minister of Tourism & Hospitality on the 1st of April 2015 at his offices. The main purpose of the meeting was to brief him about the 2015 Winter School and invite him to participate at this year’s edition as a speaker and panelist. Hon. Mzembi was delighted with the invitation and he confirmed his attendance and said he felt honored to be part of this forthcoming event. He was impressed by the idea of hosting the event outside the country as this brings in new fresh ideas on various issues that may assist in the economic development of our country. “Let’s go out there and learn and come back and implement one or two things, this will make a difference to the way we do things”, Hon Mzembi said. He also urged the Institute to be proactive and act as advisors to various strategic key ministries.

National Code on Corporate Governance (ZimCode) Launched

The National Code on Corporate Governance was launched by the Acting President Emmerson Mnangagwa on Thursday 9 April 2015.

“One of the many motivations for crafting the ZimCode was to deal with the inadequacies of the corporate legal framework. Our law on this subject, the Companies Act requires revision because it is outdated in many important respects,” said Mnangagwa at the launch. “ZimCode deals with some of the inadequacies of the Act and anticipates an immediate revision of the legal framework on corporate governance, starting with the Companies Act.”

The code will give guidelines on directors’ term limits, board appointments, corporate conflict resolution and settlement. It will also address the concentration of ownership and control. It proposes that in cases where the director must own, manage and control a business, shareholders must pass a 75 percent vote in favour of such a move.

Also speaking at the launch, ICAZ President, Bothwell Nyajeka, said the National Code on Corporate Governance was launched by the accountants support the code as it lays a solid foundation for reviving industry and delivers shareholder value. Companies should make it a living document and operate within its means.

“ZimCode deals with some of the inadequacies of the Act and anticipates an immediate revision of the legal framework on corporate governance, starting with the Companies Act.”

Other business leaders from Institutions such as the Bankers Association of Zimbabwe (BAZ) and Confederation of Zimbabwe Industries (CZI) hailed the ZimCode launch as a step towards transparency and better management of companies and institutions in the country.
The Institute held a Tax Update Seminar on 31 March 2015 at Crowne Plaza Monomotapa Hotel in Harare. A panel of experts presented on The Economic Outlook, Tax Implications of the 2015 National Budget, Tax Planning, Managing Tax Audits and Investigations.

Economist, John Robertson, warned that Zimbabwe will need to import about 1.4 million tonnes of maize this year to feed the nation following a poor agricultural season. The country consumes about 105 000 tonnes of maize per month.

He highlighted that the agricultural output for this year will be less than 500 000 tonnes of grain. “All the evidence suggests this year is going to be a very poor agriculture year. We will be very lucky to get 500 000 tonnes of maize this year. Approximately the country needs to import about 1.4 million tonnes of maize to feed the whole nation,” said Robertson.

He emphasized the need for government to craft policies that can support agriculture production, which include enabling the 99-year lease agreements to be bankable so that farmers are able to access lines of credit among many others.

Tendai Mavima, the managing director of Tax Management Services presented a paper on transfer pricing. He said although the country’s tax agency, Zimbabwe Revenue Authority (ZIMRA) has no transfer pricing framework at the moment, related party transactions are catered for in the Income Tax Act, section 98, under anti-avoidance provisions.

He said transfer pricing should be at an arm’s length. The arm’s length principle of transfer pricing states that the amount charged by related party to another for a given product must be the same as if the parties were not related. An arm’s length price for a transaction is therefore what the price of that transaction would be on the open market. Mavima also said if a company’s debt to equity ratio is above 3:1 the excess is disallowed.

Presenting on tax planning, Maxwell Ngorima, a tax director at BDO emphasised the need to be tax compliant first before embarking on tax planning. On capital gains, Ngorima said the easiest way to reduce capital gains tax is to ensure that one maintains comprehensive records of all amounts expended on the acquisition of, improvement to and the ultimate disposal of the property.

He added that if the sale is negotiated close to the end of the tax year, it is advantageous to postpone the sale to the first week of the following tax year thereby enjoying a full year’s inflation allowance. He reiterated on the need to reconstruct companies under common control where possible so that profits of successful companies can be offset against those with tax losses.

“There is an unfortunate tendency to form new companies every time a new activity is embarked upon but establishing a division can be just as tax effective and efficient,” said Ngorima.

He added: “If transfer of assets is from a tax loss pregnant company - no need to claim relief of group reconstruction. Take advantage of provision for transfer of assets between companies under the same control as part of a group reconstruction.”

Steve Matoushaya, a tax director at KPMG updated participants on the tax implications of the 2015 national budget. He spoke on the tax amnesty window which has since been extended to June 30 this year.
Member subscriptions for year 2015/2016

Annual Membership fees

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Please Note: Your Annual Membership fee is due on the 1st of June 2015. Invoices will be emailed in April 2015 so now is a good time to make sure we have your correct details (i.e. email address, local or nonresident). You can update your details at any time by visiting http://www.icaz.org.zw/Members/Login.aspx?LoginRedirect=true&returnurl=%2fMembers and ensure that your membership number is clearly indicated for ease of reference.

Terms and conditions related to Annual Membership fee payment:

- Each member is invoiced in his/her individual capacity as a CA(Z)/AA(Z) member therefore no subscription invoice will be made out in the name of your company.
- Interest at a rate of 2% per month will be levied on accounts that remain unpaid from 25 September 2015.

Methods of Payment:
Your membership fee may be paid by any of the following methods:
- EFT: Electronic Fund Transfer directly into ICAZ’s bank account. Banking details will appear on the invoice.
- Cash Deposit: Directly into the ICAZ bank account. Banking details will appear on the invoice.
- International Wire Transfer: into ICAZ bank account. Banking details will appear on the invoice.
- Visa or MasterCard Credit/Debit card payment online: You may make payment online by following this link.

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ICAZ's tax update seminar cont’d

The government had originally set March 31 as the closing date for delinquent tax payers to come forward and regularize their tax affairs, but due to poor response, government extended the tax amnesty window period.

Tax payers granted amnesty are expected however to pay the principal sum owed, free of interest and penalties by end of December this year. The tax amnesty allows delinquent tax payers to settle their tax debts without having to pay penalties or interest on account that they voluntarily informed the tax collector of their obligations.

Matoushaya also highlighted that the suspension of 15 percent tax on export of un-beneficiated minerals has been extended for another 12 months. On tourism, he said a rebate on imported goods for the industry has been extended to December 31, 2015 under statutory instrument (SI) 177. He added that suspension of duty on motor vehicles imported by safari operators has also been extended to the end of December this year. He also said the penalty loading model which is set to be published in the government gazette is yet to be published.

Speaking on managing tax audits and investigations, an associate director with EY, Lonah Kali emphasised the need to manage tax properly. "When you are under an investigations (by ZIMRA), you need to have the right people to answer questions always," said Kali adding that the "first response always sticks."

"A lot of finance directors always shy away from ZIMRA officials but this doesn't help because ZIMRA will make frequent visits as they try to beef up their targets." she said.

ANNOUNCEMENT: CPD HOURS RECORDING

Please be reminded that if you attend ICAZ CPD Seminars, Conferences and/or Winter Schools, Secretariat will record the hours on your behalf. You are kindly urged not to record as this is resulting in duplications.

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frozen Assets

APC and PPE Graduation Ceremony
frozen Assets

ICAZ-Old Mutual Fund Raising Golf Day
A big thank you to our
GOLF DAY SPONSORS

The Institute is extremely gratified to be associated with the following corporates for sponsoring its 2015 Fund Raising Golf Day at Chapman Golf Club. We are appreciative of their interest in our endeavors to help the less fortunate and grateful for their invaluable support. It is through this generous sponsorship that this event continues to gain momentum and achieve great success.

Thank you! Tinotenda! Siyabonga!
We greatly appreciate your invaluable support.

Your opinion matters!
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