

ANNUAL REPORT



Founded 1891

**Institute of Chartered Secretaries and Administrators in
Zimbabwe**

2015

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THE COUNCIL AND SECRETARIAT

INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS IN ZIMBABWE

The Institute was established by the Chartered Secretaries Act (Chapter 27 :03) in 1971.

NATURE OF BUSINESS:

The main objective of the Institute of Chartered Secretaries and Administrators in Zimbabwe is the promotion and advancement of the efficient administration of commerce, industry and public affairs by the continued development of the study and practice of secretaryship and administration of companies and other bodies.

REGISTERED OFFICE:

Dzidzo House

22-32 McChlery Avenue, Eastlea, Harare

AUDITORS:

HLB Zimbabwe Chartered Accountants,

14 Downie Avenue, Alexandra Park, Harare.

BANKERS:

Commercial Bank of Zimbabwe

3rd Floor, Union Avenue, 60 Nkwame Nkrumah Avenue, Harare

Standard Chartered Bank

Avondale Shopping Center, King George Road, Avondale, Harare

LEGAL ADVISORS:

Dube, Manikai and Hwacha Legal Practitioners

6th Floor, Goldbridge, Eastgate, Harare

THE COUNCIL AND SECRETARIAT

THE COUNCIL

Lovemore Kadenge, FCIS	President
George Mahembe, FCIS	(Vice President)
Charles Nhemachena, FCIS	(Vice President)
Richard Anderson Summers, FCIS	(Immediate Past President – 2014 – 2015)
Paradza Paradza (Dr), FCIS	
Ferida Matambo (Mrs), FCIS	
Loice Kunyongana (Ms), FCIS	
Letitia Nyama (Ms), FCIS	
Wonder Chenjerai, ACIS	
Taona Munzvandi, FCIS	
Lovemore Mangena, ACIS	Harare Branch Chairman
Sithembile Ncube (Mrs), FCIS	Bulawayo Branch Chairman
Joseph Bemani (Dr), FCIS	Masvingo Branch Chairman
Godfrey Nyika, ACIS	Midlands Branch Chairman
Shepherd Chinaka, ACIS	Mutare Branch Chairman

INTERNATIONAL REPRESENTATIVES

Joseph Goromonzi, FCIS, (Passed away in May 2015 and in the interim was Replaced by Lovemore Kadenge).	Institute of Chartered Secretaries and Administrators (ICSA)
Richard Anderson Summers, FCIS	Corporate Secretaries International Association (CSIA)

THE SECRETARIAT

Chief Executive and Secretary

Joshua Farai Musamba (Dr), FCIS

Manager – Members & Students Services

Tsungirai Tracy Mushonga (Ms)

Finance and Administration Manager

Theresa Mazvabo (Mrs), ACIS

ICT Manager

Remember W Mubaiwa

Technical Manager

Nelson Maseko, ACIS

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of the Institute of Chartered Secretaries and Administrators in Zimbabwe will be held on Tuesday 28 June 2016, at Dzidzo House, Eastlea, Harare at 18:00 hours for the following business:-

1. To receive the Report of the Council for 2015.
2. To receive the Audited Financial Statements for the year ended 31 December 2015.
3. To confirm the Auditors remuneration for 2015.
4. To appoint the Auditors for 2016.
5. To declare the results of the election of members to Council.

By order of the Council.



Dr J F MUSAMBA (FCIS)

Chief Executive and Secretary

Note

- (a) In terms of Section 42 of the Institute's By-laws, any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll. No person shall be appointed as a proxy unless he/she is a member of the Institute and qualifies to vote. All proxy forms must be received by the Secretary not less than 48 hours before the meeting.
- (b) Graduates may attend the Annual General Meeting of the Institute and may partake in the proceedings but shall have no voting rights.

THE VISION AND MISSION STATEMENT

Vision

“To be the professional body of choice in the development of leading practitioners in corporate management”.

Our Mission is:

“To sustainably promote and advance the efficient administration of commerce, industry and the public sector using modern technology. We will achieve this through the study and practice of secretaryship, corporate governance, accountancy and management, guided by world class standards”.

Core values

The Institute’s core values are:

1. Collective Wisdom

The Institute will harness the wisdom from Council, Members, Students and its Staff for the betterment of the Institute, community and the nation at large.

2. Integrity

Council, Members, Students and Staff of the Institute must live an honest, model and responsible life for all to aspire to.

3. Transparency

The Institute is committed to openness, scrutiny and accountability in all that it does.

4. Teamwork at all times

The Institute will achieve its Vision and Mission by building and creating strong teams in all its areas of endeavour.

5. Innovativeness at all times

An organization that does not value and inculcate innovativeness will eventually fall behind others. We therefore strive to bring innovative products and services for the benefit of our members, students, staff and the community at large.

These core values capture what we are about and what we would like to be known for and how we want to behave.

PRESIDENT'S STATEMENT

It is an honour to have this opportunity to communicate with members as your President for the 2015/2016 Year.

The year under review provided challenges to our operations. This was due to the loss of momentum in Zimbabwe's economic growth. Economic growth of 1.5% was recorded while the inflation rate was 2.5%. In tandem with this state of affairs major pillars of the economy recorded declines. These include the unemployment figures which continued to increase and the market capitalisation of the Zimbabwe Stock Exchange which retreated by up to 32% to close the year at USD3.2 billion. Foreign Direct Investment continued to be very low thus affecting the country's job creating capacity.

The job creation and retention capacity of the economy has a direct bearing on the fortunes of the Institute given that members' and students' capacity to meet their obligations to the Institute are affected.

Operations

The challenges in the economy prevented the Institute from running its full complement of activities or plans. Some planned capital expenditure had to be curtailed in order to conserve the Institute's resources.

Tax amnesty

The Zimbabwe Revenue Authority (ZIMRA) instituted a tax amnesty during the year. In order to take advantage of the Tax Amnesty the Institute commissioned a Tax Health Check covering the period January 2009 to September 2014. The results of the Health Check showed that the Institute was not in full compliance with the tax laws. The major tax heads where there was no full compliance was on Withholding Tax and PAYE. A computation done on the outstanding amounts produced a figure of US\$150,774.00. This amount was paid to ZIMRA in December 2015 to take advantage of the amnesty. As at the time of writing this statement ZIMRA was still processing the Institute's application for amnesty. Corrective measures have been put in place to ensure compliance with ZIMRA requirements in future.

Dzidzo House (Private) Limited

The Institute engaged the Zimbabwe Institute of Management (ZIM), its partner in Dzidzo House (Pvt) Ltd with a view to ending the joint ownership of Dzidzo House. The negotiations, having started as early as 2009, were protracted but ultimately resulted in a Sale and Purchase Agreement of the shares owned by each of the parties in Dzidzo House (Pvt) Ltd. The process of implementing this agreement included the valuation of the Dzidzo House property by three independent valuers appointed by the President of the Estate Agents Council of Zimbabwe. This valuation process and the process of bringing the partnership arrangement to an end was completed in 2016 and is being reported in the Accounts as an event after the reporting date.

PRESIDENT'S STATEMENT

It will suffice to say we are pleased to report that we have now concluded an agreement to buy the Zimbabwe Institute of Management (ZIM)'s shares from Dzidzo House (Private) Limited and thus allowing ICSAZ to achieve full ownership of the shareholding. The 50% shareholding was purchased for \$657 250 which is inclusive of 10% goodwill.

By-Laws

A major milestone achieved last year was the enactment of our new By-laws through Statutory Instrument 95 of 2015. The process of changing the by laws started around 2009. The By-laws are in most respects, in line with the new International Bye- laws. One of the notable areas covered in the review is the composition of Council. Our Council will now have a provision of two past presidents who are co-opted onto Council. This provision will come into effect from the 2016 Annual General Meeting. In addition to the past presidents the Council will have nine elected members, each of whom is elected to serve for a period of three years. After the three year term one is eligible for a further 3 years after which s/he takes a one year sabbatical (unless of course, if one has been elected President and will go on to serve as a past president after his or her term).

International Qualifying Scheme Review

Another significant matter that the Institute was involved in was the conducting of interviews of some of our members and students, regulators and employers on the future direction of the Chartered Secretary profession. This was part of a process which was carried out by ICSA Global in all its Divisions. The process will culminate in the production of a new template for the International Qualifying Scheme. To this end, the Institute in Zimbabwe organised and held interviews through focus groups and in some cases on a one on one basis. We fed-in our findings to the consultant who consolidated the findings and sent them to Divisions for their comments. Our Education committee, Assessment Review Panel, Council and Secretariat managed to consider the consolidated input and sent the Division's response to the consultant who in turn reported the consolidated findings to the ICSA Global Council.

The ICSA Global Council will be able to progress the matter during the year, after which implementation dates and guidelines on the new International Qualifying Scheme will be announced.

The Future

The life of the Institute is intertwined with that of the business and government sectors since our members and students are employed in these sectors. A vibrant business environment improves these sectors' ability to absorb our members and students and they in turn will have an improved ability to meet their obligations to the Institute. It is therefore expected that business will improve and so will the fortunes of the Institute.

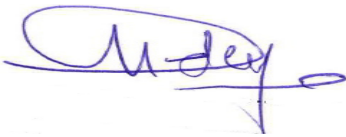
In order to take advantage of the expected improved economic environment, the Institute has intensified its marketing programmes which include engagements with some local universities and other related organisations.

PRESIDENT'S STATEMENT

These and other initiatives are expected to enhance the ICSA brand and increase the student registrations going forward.

Acknowledgement

During my term of office I have received great support from Members, Students, Councillors, Committee members and the Secretariat. The mammoth task of guiding the Institute was made easy by the support I received from all the stakeholders and I pray that this support will continue in the years to come.



.....

Lovemore Kadenge (FCIS)

President

REPORT OF THE COUNCIL

1 THE 2015 COUNCIL

1.1 Council Members

The following served on the Council for **2015**

		<u>Meetings Attended</u>
<u>Elected Members</u>		
Lovemore Kadenge, FCIS	President	4/4
George Mahembe, FCIS	(Vice President)	4/4
Charles Nhemachena, FCIS	(Vice President)	3/4
Richard Anderson Summers, FCIS	(Immediate Past President – 2014-2015)	4/4
Paradza Paradza (Dr), FCIS		3/4
Ferida Matambo (Mrs), FCIS		4/4
Loice Kunyongana (Ms), FCIS		4/4
Letitia Nyama (Ms), FCIS		3/4
**Wonder Chenjerai, ACIS		3/3
**Taona Munzvandi, FCIS		3/3
<u>Branch Chairmen</u>		
**Lovemore Mangena, ACIS	Harare	1/3
Sithembile Ncube (Mrs), FCIS	Bulawayo	3/4
Joseph Bemani (Dr), FCIS	Masvingo	3/4
Godfrey Nyika, ACIS	Midlands	4/4
Shepherd Chinaka, ACIS	Mutare	4/4

1.2 **Rotation and Re-election**

Composition of Council

In line with the Chartered Secretaries (Private) By laws 2015: the Council consists of nine elected members plus two Past Presidents.

In terms of the By-laws, George Mahembe, Charles Nhemachena and Paradza Paradza will retire by rotation. Being eligible, George Mahembe, Charles Nhemachena and Paradza Paradza offer themselves for re-election.

The 2016/2017 Council, before the elections, stands as follows:-

Lovemore Kadenge (President)

Richard Anderson Summers (Past President) (2014-2015)

Loice Kunyongana (Ms)

Letitia Nyama (Ms)

Ferida Matambo (Mrs)

Wonder Chenjerai

Taona Munzvandi

Four (4) vacancies will be filled at the Annual General Meeting.

2.0 **CORPORATE GOVERNANCE**

The Institute in Zimbabwe is a Division of ICSA International, which has its headquarters in London, United Kingdom. Locally, the Institute exists by an Act of Parliament, the Chartered Secretaries (Private) Act (Chapter 27.03). The Institute subscribes to standards of best practice as they are practised in a professional Institute.

The Division's Council recognizes its responsibilities to advance and protect the ideals of the profession together with interests of all stakeholders in a sustainable manner.

In order to achieve these objectives, the Council has established a framework of committees to which it has delegated responsibility for translating the policies and strategies into actions to meet the stakeholders' expectations.

The following committees and their composition were in place during the period under review:

REPORT OF THE COUNCIL

2.1	Executive, Finance and General Purpose Committee		<u>Meetings Attended</u>
	Lovemore Kadenge	FCIS (President)	7/7
	Richard Anderson Summers	FCIS (Past President)	6/7
	George Mahembe	FCIS	7/7
	Charles Nhemachena	FCIS	7/7
	*Paradza Paradza (Dr)	FCIS	4/4
2.2	Education Committee		
	*Richard Anderson Summers	FCIS (Chairman)	1/1
	Pascal Jerry Mudzikisi	FCIS	2/3
	Loice Kunyongana (Ms)	FCIS	2/3
	Ruth Runyararo Kaseke (Ms)	FCIS	2/3
	Lovemore Pazvakavambwa	FCIS	3/3
	Obson Matunja (Dr)	FCIS	3/3
	Ratidzo Mugumbate (Mrs)	FCIS	1/3
	Tyanai Danha	FCIS	3/3
	Joe Muzurura	FCIS	1/3
2.3	Legislation and Technical Committee		
	*Paradza Paradza (Dr)	FCIS (Chairman)	2/2
	Simbarashe Admore Davira Dziva	FCIS	4/4
	Peter Madara	FCIS	3/4
	Glovah Ngoni Madzima	FCIS	2/4
	Letitia Nyama (Ms)	FCIS	4/4
	Charles Nhemachena	FCIS	2/4
	Davidson Chirombo	FCIS	2/4
	***Norman Ndlovu (Late)	ACIS	1/3
	Florid Mashonga (Mrs)	ACIS	3/4
	***Joseph Goromonzi (Late)	FCIS	0/2

REPORT OF THE COUNCIL

2.4	Membership & Professional Competency Committee		<u>Meetings Attended</u>
	Charles Nhemachena	FCIS (Chairman)	2/4
	Constantine Mureyi Alois Mutiwanyuka	FCIS	2/4
	Anne Denise Colls (Mrs)	FCIS	3/4
	*Loice Kunyongana (Ms)	FCIS	3/3
	George Mahembe	FCIS	3/4
	**Simbarashe Admore Davira Dziva	FCIS	1/1
	*Taona Munzvandi	FCIS	2/3
	*Adam Puzo	ACIS	2/3
	*Wonder Chenjerai	ACIS	2/3
2.5	Marketing and Strategy Committee		
	George Mahembe	FCIS (Chairman)	5/5
	Ferida Matambo (Mrs)	FCIS	2/5
	Gumbusai Mhetu	ACIS	4/5
	Elizabeth Dungeni (Mrs)	ACIS	4/5
	**Westard Dzihwema	ACIS	0/3
	Taurai Mataka	FCIS	4/5
	Peter Kadzere	FCIS	3/5
	**Lovemore Gomera	FCIS	0/2
	*Taona Munzvandi	FCIS	2/3
2.6	*IBAS Council		
	Charles Nhemachena	FCIS (Chairman)	1/2
	Collins Chihuri	FCIS	0/3
	Patrick Paradza	ACIS	1/3
	Joshua Farai Musamba (Dr)	FCIS	1/3
	Letitia Nyama (Ms)	FCIS	2/3
	Paradza Paradza (Dr)	FCIS	3/3
	Richard Masinire	FCIS	3/3
	*Wonder Chenjerai	ACIS	1/1

REPORT OF THE COUNCIL

Investigations Committee

		<u>Meetings Attended</u>
John Mafungei Chikura	FCIS (Chairman)	2/2
Viola Chasi (Mrs)	LLB, Grad.ICSA	1/2
Elliot Mugamu	FCIS	2/2
*Glovah Ngoni Madzima	FCIS	0/2
Anne Denise Colls (Mrs)	FCIS	1/2

2.7 Disciplinary Tribunal

Peter Madara	FCIS (Chairman)	1/1
Sibongile Mhlanga (Ms)	ACIS	0/1
Eric Harid	FCIS	0/1
William Kenneth Lunt	LLB	0/1
Michael Nyamazana	FCIS	1/1

2.8 **Appeals Tribunal

Cleopas Makoni	FCIS (Chairman)	0/1
Vunganai Wilson Javangwe	FCIS	1/1
Grace Slava Chella (Mrs)	FCIS	1/1
Victor Nkomo	LLB	0/1
Tyanai Danha	FCIS	1/1

2.9 Nominations Committee

*Lovemore Kadenge	FCIS (President) Chairman	2/2
Richard Anderson Summers	FCIS (Immediate Past President)	3/6
Glovah Ngoni Madzima	FCIS (Past President)	5/6
Pious Manamike	FCIS (Past President)	5/6
Pascal Jerry Mudzikisi	FCIS (Past President)	5/6

REPORT OF THE COUNCIL

- * P Paradza (Dr) joined the Executive, Finance and General Purpose Committee after the last Annual General Meeting.
- * R A Summers joined the Education Committee after the last Annual General Meeting.
- * A Puzo, T Munzvandi and L Kunyongana joined the Membership & Professional Competency Committee after the last Annual General Meeting.
- * T Munzvandi joined the Marketing and Strategy Committee after the last Annual General Meeting.
- * L Kadenge joined the Nominations Committee after the last Annual General Meeting.
- * P Paradza (Dr) joined the Legislation and Technical Committee after the last Annual General Meeting.
- * G N Madzima joined the Investigations Committee after the last Annual General Meeting.
- * C Nhemachena joined the IBAS Council after the last Annual General Meeting.
- * W Chenjerai joined the Membership Committee and the IBAS Council after the last Annual General Meeting.
- ** One disciplinary case was brought to the Investigations Committee, Disciplinary Tribunal and the Appeals Tribunal. It could not be pursued due to the person not being in good standing, thus effectively not being a member.
- ** P Manamike, S A D Dziva and A Nxongo retired from the Council after the last Annual General Meeting.
- ** P Manamike and S A D Dziva retired from the Executive, Finance and General Purpose Committee after the last Annual General Meeting.
- ** L Kadenge retired from the Education Committee after the last Annual General Meeting.
- ** P Manamike and S A D Dziva retired from the Membership & Professional Competency Committee after the last Annual General Meeting.
- ** L Gomera and W Dzihwema retired from the Marketing and Strategy Committee after the last Annual General Meeting.
- ** T Munzvandi and W Chenjerai joined the Council after the last Annual General Meeting.
- ** L Mangena retired from the Council after the last Annual General Meeting
- ** W Chenjerai, T Munzvandi and L Mangena joined Council after the last Annual General Meeting.
- *** The Investigations Committee, Disciplinary Committee and the Appeals Tribunal held one combined meeting after the Annual General Meeting.
- ***J Goromonzi and N Ndlovu passed away on 24 May 2015 and 24 October 2015 respectively. May their souls rest in peace.

REPORT OF THE COUNCIL

3.0 MEMBERSHIP OF THE INSTITUTE

Eight (8) members transferred to other divisions during the year 2015. There were no transfers from other divisions during this period.

The challenging economic environment has affected the ability of some members to pay their subscriptions. A number of initiatives, including the payment of the subscriptions in instalments, have been put in place to assist members. Defaulting members and graduates have also been published in the Press. A total of 525 members were delisted during the year for non-payment of subscriptions. Delisting of defaulting members and graduates has been used as a last resort.

Membership figures of the Institute as at 31 December 2015 are shown below.

	Dec 2015	Dec 2014	Absolute Change	% Change
Fellows	235	265	(30)	(11%)
Associates	719	885	(166)	(19%)
Graduates	811	1030	(219)	(21%)
Total	1765	2180	(415)	(19%)

Schedule to show movement in membership figures during the year

	Elections/ Additions during the year	De-registrations during the Year	Deaths during the year	Restored To register	Transfers in	Transfers Out	Adjustments between grades	Absolute Change
Fellows	5	(36)	(1)	2	-	-	-	(30)
Associates	39	(206)	(2)	16	-	(8)	(5)	(166)
Graduates	83	(283)	-	21	-	(1)	(39)	(219)

4.0 MEMBERSHIP AND PROFESSIONAL SERVICES

4.1 Continuing Professional Development (CPD) of Members

The Institute conducted Continuing Professional Development Seminars across the country. These CPD seminars were held in Harare, Bulawayo, Mutare, Gweru and Masvingo. Holding the CPD seminars in the major cities in the branches is designed to enable members to access this service in their areas, thereby reducing costs and inconvenience to the members.

Members are expected to input at least 20 Continuing Professional Development hours every year.

4.2 Relationship with Government and Regulatory Authorities

The Institute takes its role as a good corporate citizen seriously. It therefore nurtures its relationship with the government and regulators. As part of this relationship, the Institute submitted recommendations on budgetary issues to the Ministry of Finance and Economic Development. It also continued to be represented on the Council of Estate Administrators.

The Institute continued to interact and make contributions to the Registrar of Companies' office and ZIMRA on issues affecting the nation and profession.

4.3 Members' Activities

4.3.1.1 Annual Conference

The 2015 Annual Conference was held at the Elephant Hills Resort, Victoria Falls from 25 September to 27 September 2015. The Conference, whose theme was "Chartered Secretary – Making a difference" was attended by one hundred and seventy five delegates. The Keynote Speaker at the Conference was Professor Bonard L Mwape, the Director-General of Eastern and Southern African Management Institute (ESAMI).

4.3.1.2 Annual Dinner

The Institute hosted a successful dinner on 31 July 2015 in Harare. Vice President, Honorable Emmerson Mnangagwa, was the guest of honour. Ninety nine members and their guests attended the dinner.

4.3.2 Chartered Secretary of the Year Award

Mr Jonas Mushosho (FCIS), the Chief Executive Officer of Old Mutual Zimbabwe Limited, was the winner of the Chartered Secretary of the year 2014 award. The runner up was Mr Gift Sibanda (FCIS), the Finance Manager of Hwange Colliery Limited. The award was presented at the Institute's 2015 Annual Conference.

4.3.3 Corporate Governance Awards

The year 2015 saw the presentation of the Institute’s Third Edition of the ICSAZ Excellence in Corporate Governance Awards. The 2015 awards introduced a new category catering for the State Owned Enterprises and Parastatals. The awards, held in November 2015, were well received. The following were the winners of the Third Edition of the ICSAZ Excellence in Corporate Governance Awards:

List of winning ZSE listed companies per Award Category

Shareholder Treatment	Stakeholder Practices & Sustainability Reporting	Board Practices	Overall: Best Corporate Governance Practices
1. African Distillers Limited	1. Dairibord Holdings Limited	1. CBZ Holdings Limited	1. CBZ Holdings Limited
2. NMBZ Holdings Limited	2. Turnall Holdings Limited	2. BAT Zimbabwe	2. Dairibord Holdings Limited
3. NicozDiamond Insurance Limited	3. Lafarge Cement Zimbabwe Limited	3. Delta Corporation Limited	3. Delta Corporation Limited

List of winning Banking Institutions per Award Category

Best Banking Governance Practices	Best Banking Risk Management Practices	Best Banking Internal Audit Disclosures	Overall: Best-governed Banking institution
1. NMB Bank	1. NMB Bank	1. CABS	1. NMB Bank
2. CBZ Bank	2. FBC Bank	2. NMB Bank	3. CBZ Bank
3. Stanbic Bank	3. BancABC Bank	3. FBC Bank	4. FBC Bank

List of winning State Owned Enterprises and Parastatals

Best Corporate Governance Practices
1. Zimbabwe Investment Authority
2. ZimTrade
3. Infrastructure Development Bank of Zimbabwe

4.3.4 Annual Charity Golf Tournament

The Institute organized a Charity Golf Day on 17 July 2015. The Golf Day is designed to afford members and their guests the opportunity to network while at the same time raising funds for the less fortunate members of our society.

REPORT OF THE COUNCIL

The event was successful, attracting eighty-eight (88) participants. Funds raised at the event were donated to charity.

4.3.4 Reunion Party

As a tradition, the Institute organizes a Reunion Party for members who have been in the profession for 10 years and more. The event is meant to provide an additional forum for members to network and exchange notes. The 2015 Reunion Party was held in December at Dzidzo House and was well attended.

4.3.5 Branch Activities

The Institute aims to serve members in all parts of the country. To achieve this it organises CPD seminars in all the country's branches. Reasonable attendances were recorded at these seminars.

4.3.6 Harare Branch Activities

The Institute's Harare Branch organized several functions, including a Budget Breakfast, during the period under review. Good attendances were recorded at most of the branch's activities. Dates, topics and speakers for the functions were:-

Date	Participants	Topic	Presenter(s)
27/02/2015	39	<u>Luncheon</u> Service Delivery in the City of Harare	His Worship, Councillor Bernard Manyenyeni – Mayor of the City of Harare
26/06/2015	50	<u>Luncheon</u> The New Code of Corporate Governance in Zimbabwe	Peter Madara – Recently retired Chief Financial Officer, Industrial Development Corporation Zimbabwe
27/08/2015	28	<u>Luncheon</u> Is NSSA necessary?	James Matiza – General Manager, National Social Security Authority
27/11/2015	46	<u>Budget Breakfast</u> 1. Economic Issues of the 2016 Budget 2. Economic Issues	1. Simon Gwenzi – Assistant Group Tax Officer, Inncor Africa Limited 2. Prosper Chitambara – Economist, Labour and Economic Development

4.3.7 **Public and Practicing Accountants**

The Institute is a constituent member body of the Public Accountants and Auditors Board (PAAB). Benefits of this membership are that members of the Institute are entitled to be registered as Public Accountants. They can also practice, as Public Accountants and Tax Consultants. Through this membership, our members are also kept in touch with developments in the profession as per the regulator's requirements.

A total of 431 members were registered as Public Accountants as at 31 December 2015. Members who are in Public Practice are further encouraged to register with the Institute on the Institute's Practicing members database.

4.3.8 **Pan African Federation of Accountants (PAFA)**

As reported last year, the Institute became a full member of the Pan African Federation of Accountants (PAFA) in 2014. The Institute has now begun to participate in PAFA activities and is beginning to derive the benefits from its PAFA membership. In this regard, it attended its first Annual General Meeting and participated at the PAFA organized conference in May 2015.

4.3.9 **Corporate Social Responsibility**

The ICSAZ 2015 Annual Charity Golf Day and 2015 Annual Conference were used to raise funds for charity. As a result of these fund raising activities goods worth \$2,531 purchased from the proceeds of the fund raising activities, and were donated to Drifontein Children's Home in Midlands in December 2015. The Home has 36 children ranging from infants to those now attending universities and polytechnic colleges. The donation was very well received.

4.3.10 **Corporate Secretaries International Association (CSIA)**

The Institute retained its membership of the Corporate Secretaries International Association (CSIA). As part of its contribution to the CSIA, the Institute participated in some of the CSIA Working Groups. The Company Secretaries Toolkit will now be rolled out in 2016. At its 2015 Council meeting, the CSIA elected Mr Richard Anderson Summers from Zimbabwe to be its President for the year 2016.

5.0 **STUDENTS SERVICES**

5.1 In terms of student registrations, 2015 was another challenging year. The students' registration figures continued to decrease during the year. The decline in the students' body is attributed to the difficult economic environment characterized by liquidity challenges in the market and very low formal employment levels. Extensive marketing and selling operations have been put in place in order to reduce this loss of students.

5.2 Winter School

The Institute hosted two student Winter Schools in 2015. These Winter Schools were held in Harare, at the Holiday Inn and in Masvingo at Lee's Inn. The Winter Schools were attended by 86 delegates for the Harare Winter School and 47 delegates for the Masvingo Winter School.

5.3 Examinations

A total of 98 students completed their examinations in 2015. These will graduate on 30 April 2016. This number is an increase on the numbers that have been completing their studies since the introduction of the new qualifying scheme. After the introduction of revision classes we saw an improvement in the pass rates.

5.4 The Prize Winners for the year were:-

Prize Winner	Subject
Ancellani Masukwe	Quantitative Techniques
Tinashe Given Jeje	Introduction to Financial Accounting
Ronald Makamure	Economics
Kennedy Choga	Human Resources Management
Elton Banda	Financial Accounting
Tinashe Given Jeje	Taxation
Emmanuel Rimai	Auditing
Luckmore Chiteshe	Auditing
Emmanuel Rimai	Cost and Management Accounting
Angeline Mugauri	Cost and Management Accounting
Edmore Zviripi	General and Strategic Management
Lovemore Mutari	Corporate Financial Management
Francis Kanembera	Integrative Case Study

5.5 **2015 Best Finalist Students**

The year 2015's best student and the winner of the President's trophy was Francis Kanembera.

The first runner up was Passmore Chimbanda.

The second runner up was Lovemore Mutari.

5.6 **Student Attachment**

Student attachment is now a core component of the Institute's Training Programme. The Institute continued to actively source for attachment facilities for its students. The Institute is very grateful for the assistance offered to the Institute's students by members and companies during these challenging times.

6.0 **INSTITUTE OF BUSINESS AND ACCOUNTING STUDIES (IBAS)**

The IBAS performance, in terms of student registrations was slightly below expectations. This, like under ICSAZ, is probably a sign of the difficult economic environment. The new Accredited-Curriculum subjects were examined for the first time in November 2015. Performances in the examinations were mixed. The Institute provided revision classes on a number of subjects as a way to improve performances in examinations. Improvements will be expected as from 2016. The IBAS Council took a decision to implement the coursework component as per the new curriculum requirements. This implementation will commence in 2016.

7.0 **PUBLICATIONS AND PUBLIC RELATIONS**

The Institute published four issues of the Chartered Secretary Magazine. In addition to the magazine, the Institute also published a Technical Newsletter to keep members and students abreast with changes in the profession. Newspaper supplements were also run in the print media in order to keep the general public informed of the Institute's activities.

8.0 **STAFF**

The Staff compliment remained stable during the year. No staff member left the Institute and no new staff members were recruited during the year.

9.0 INTERNAL CONTROLS

As part of the Institute's internal controls, three internal audit assignments were carried out during the year. Reports from these internal audit processes were tabled at the Executive, Finance and General Purpose Committee meetings. Corrective measures were taken in areas where shortcomings were identified. In addition to the internal audits mentioned above, the Institute joined the Tip Off Anonymous run by Deloitte. This is part of the risk management and mitigation programme of the Institute.

10.0 THE INTERNATIONAL COUNCIL

The International Council has begun the process of refocusing the Institute and will now be implementing the agreed strategies. As part of this process, the Council has appointed MCI, an Association Management Company, to run the day to day affairs of the Institute. It also appointed Mr Tim Sheehy to be the new Director-General of the Institute. As part of refocusing the Institute, the Council appointed a consultant to lead the process of reviewing the Institute's Qualifying Scheme. Progress has been made in this direction and it is hoped that a decision on the template for the new qualifying scheme will be made by the end of 2016.

The Division was unfortunate to lose its International Council member, Mr Joseph Goromonzi (FCIS) who passed away in May 2015 after a long illness. May his soul rest in peace. Lovemore Kadenge, the ICSAZ 2015/16 President, acted as the International Council Member for the rest of the year. Loice Kunyongana (FCIS) was elected by Council to represent the ICSAZ from 2016 to 2018.

11.0 FUTURE

Zimbabwe is experiencing one of its worst droughts in recent years. This, coupled with the hitherto poor economic environment, presents a serious challenge to the operations of the Institute. The poor economic environment has had a major impact on the ability of members and students to remain in good standing. In the face of this challenge, the Institute continues to explore and implement ways to help the Institute to survive the turbulent times.

12.0 ACKNOWLEDGEMENT

The Council wishes to place on record its appreciation and gratitude to members of the various Committees and their Chairmen for their efforts in carrying out the committees' respective tasks during the year 2015.

The Council is also grateful to all members, graduates and students who in one way or another contributed to the

REPORT OF THE COUNCIL

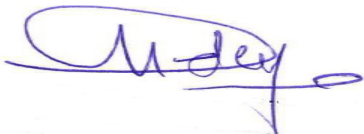
Institute during the year and hope that this support will continue during the year 2016.

Finally, the Council extends its appreciation to the Secretariat staff for their commitment and performance during the year.



.....
DR JOSHUA FARAI MUSAMBA (FCIS)

Chief Executive and Secretary



.....
LOVEMORE KADENGE (FCIS)

President

COUNCILLORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Councillors are responsible for the maintenance of adequate accounting records and the preparation of the financial statements and related information. HLB Ruzengwe and Company have audited the financial statements and their report appears on page 24.

The Councillors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Councillors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on the going concern basis. Nothing has come to the attention of the Councillors to indicate that the Institute will not remain a going concern for the foreseeable future.

The financial statements set out on pages 25-44 were approved by Council on 9 April 2016 and are signed on its behalf by

.....
DR JOSHUA FARAI MUSAMBA (FCIS)
Chief Executive and Secretary

.....
LOVEMORE KADENGE (FCIS)
President

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THE INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS IN ZIMBABWE

We have audited the accompanying consolidated financial statements of the Institute of Chartered Secretaries and Administrators in Zimbabwe (the Group) as set out on pages 25 to 44, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a consolidated summary of significant accounting policies and other explanatory information.

Council's responsibility for the consolidated financial statements

The Council members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), Chartered Secretaries Act (Chapter 27:03), Companies Act (Chapter 24:03) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation'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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Institute of Chartered Secretaries and Administrators in Zimbabwe Group as at 31 December 2015 and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the consolidated financial statements have been properly prepared in conformity with the disclosure requirements of the Chartered Secretaries Act (Chapter 27:03) and Companies Act (Chapter 24:03).



HLB Zimbabwe
Chartered Accountants (Zimbabwe)

HARARE
Date: 09 April 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>NOTES</u>	<u>2015</u> USD	Restated 31-Dec <u>2014</u> USD	Restated 01-Jan <u>2014</u> USD
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	4	453 356	528 606	590 783
Long term investment	5	19 585	68 404	155 959
Intangible asset- software	6	-	55 728	117 902
Deferred tax	13	9 583	5 222	4 270
		<u>482 524</u>	<u>657 960</u>	<u>868 914</u>
CURRENT ASSETS				
Inventory	7	47 947	57 777	50 755
Accounts receivable	8	82 370	16 767	13 527
Short term investments	9	1 009 319	1 121 830	742 734
Cash and bank balances	10	36 137	97 692	127 594
Loan to joint operation	13	3 404	107	8 733
		<u>1 179 177</u>	<u>1 294 173</u>	<u>943 343</u>
TOTAL ASSETS		<u><u>1 661 701</u></u>	<u><u>1 952 133</u></u>	<u><u>1 812 257</u></u>
EQUITY AND LIABILITIES				
Equity and Reserves				
Retained earnings		1 127 353	1 235 889	1 127 109
Non distributable reserves		349 228	349 228	349 228
		<u>1 476 581</u>	<u>1 585 117</u>	<u>1 476 337</u>
LIABILITIES				
Non-current liabilities				
Deferred tax	14	13 890	16 500	17 596
Current Liabilities				
Current tax		1 181	1 181	2 255
Accounts payable	11	89 312	227 076	211 458
Provisions	12	80 737	122 259	104 611
		<u>171 230</u>	<u>350 516</u>	<u>318 324</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1 661 701</u></u>	<u><u>1 952 133</u></u>	<u><u>1 812 257</u></u>



CHIEF EXECUTIVE & SECRETARY



PRESIDENT

09 April 2016

INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS IN ZIMBABWE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>NOTES</u>	<u>2015</u> <u>USD</u>	<u>Restated</u> <u>2014</u> <u>USD</u>
INCOME			
Revenue	15	1 545 004	1 754 664
Other income	16	113 924	117 369
Finance income		77 017	95 098
Administration costs	17	(1 257 602)	(1 257 155)
Staff costs	17.1	(591 158)	(600 422)
Fair value adjustment on investments		(2 692)	(2 822)
Profit/(Loss) before taxation		(115 507)	106 732
Income tax expense	14	6 971	2 048
Profit/(Loss) for the year		(108 536)	108 780
Other comprehensive income		-	-
Total comprehensive Profit/(Loss) for the year		(108 536)	108 780

INSTITUTE'S STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u>	<u>2014</u>
	USD	USD
		Restated
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	146 096	199 591
Investment in joint operation	1 000	1 000
Long term investments	19 585	68 404
Intangible asset- software	-	55 728
	<u>166 681</u>	<u>324 723</u>
CURRENT ASSETS		
Inventory	47 947	57 777
Accounts receivable	77 087	9 786
Short term investments	1 009 319	1 121 830
Cash and bank balances	31 904	96 865
Prepayments	-	425
Related parties	6 807	214
	<u>1 173 064</u>	<u>1 286 897</u>
TOTAL ASSETS	<u>1 339 745</u>	<u>1 611 620</u>
EQUITY AND LIABILITIES		
RESERVES		
Accumulated Fund	1 093 409	1 192 248
Non distributable reserves	78 740	78 740
	<u>1 172 149</u>	<u>1 270 988</u>
CURRENT LIABILITIES		
Accounts payable	88 720	220 945
Provisions	78 876	119 687
	<u>167 596</u>	<u>340 632</u>
TOTAL EQUITY AND LIABILITIES	<u>1 339 745</u>	<u>1 611 620</u>

INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS IN ZIMBABWE

INSTITUTE'S STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u> USD	<u>2014</u> USD Restated
INCOME		
Revenue	1 545 869	1 754 663
Other income	113 014	116 514
Finance income	77 017	95 098
Administration costs	(1 264 665)	(1 209 762)
Staff costs	(567 381)	(577 964)
Fair value adjustment on investments	(2 692)	(2 822)
Surplus/(Deficit) for the year	<u>(98 838)</u>	<u>175 727</u>
Other Comprehensive Income	-	-
Total comprehensive surplus/(deficit) for the year	<u><u>(98 838)</u></u>	<u><u>175 727</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>NOTES</u>	Non Distributable <u>Reserve</u> USD	Retained <u>Earnings</u> USD	<u>Total</u> USD
Balance as at 1 January 2013		349 228	1 047 621	1 396 849
Profit for the year		-	152 646	152 646
Separate Land and Buildings recognition effect on deferred tax		-	72 626	72 626
Prior period error	18	-	(145 784)	(145 784)
Restated Balance as at 31 December 2013		349 228	1 127 109	1 476 337
Restated Balance as at 1 January 2014		349 228	1 127 109	1 476 337
Profit for the year (as restated)		-	108 780	108 780
Profit for the year (as previously reported)			113 770	113 770
Prior period error	18		(4 990)	(4 990)
Balance as at 31 December 2014		349 228	1 235 889	1 585 117
Balance as at 1 January 2015		349 228	1 235 889	1 585 117
Loss for the year		-	(108 536)	(108 536)
Balance as at 31 December 2015		349 228	1 127 353	1 476 581

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>NOTES</u>	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit/(Loss) for the year		(115 507)	106 732
Adjustments for:			
Depreciation		74 698	98 268
Amortisation of intangible asset		55 727	62 174
Interest received		(77 017)	(95 098)
Impairment of long term investment		45 626	84 733
Profit/(loss) on sale of property and equipment		1 547	-
Fair value adjustment on equity investments		2 692	2 822
		<u>103 273</u>	<u>152 899</u>
Net operating cash flows before working capital changes		(12 234)	259 631
Changes in working capital			
Decrease in inventories		9 830	(7 023)
Increase in receivables		(65 603)	1 960
Decrease in payables		(137 764)	10 419
Decrease in provisions		(41 522)	17 648
Net movement in related party balances		(3 297)	8 626
Total changes in working capital		(238 356)	31 630
Net cash flow from operating activities		(250 590)	291 261
Taxation paid		-	(1 074)
Return on investments			
Finance income		77 017	95 098
CASH FLOW FROM INVESTING ACTIVITIES		77 017	95 098
Proceeds from sale of property and equipment		750	
Acquisition of property and equipment		(1 743)	(36 091)
Proceeds from disposal of long term investment		500	
Cash utilised in investing activities		(493)	(36 091)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(174 066)	349 194
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		1 219 522	870 328
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	10	1 045 456	1 219 522

1. GENERAL INFORMATION

The consolidated financial statements of the Institute of Chartered Secretaries and Administrators in Zimbabwe group for the year ended 31 December 2015 were authorised for issue in accordance with Council's resolution on 9 April 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared in compliance with the Chartered Secretaries Act (Chapter 27:03) and Companies Act Chapter 24:03).

New and revised IFRSs applied with no material effect on the financial statements.

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised standards and interpretations applied

The Group has applied the following standards but they had no material impact on the current amounts and prior periods presented;

- IAS 19 Defined Benefit Plans: Employee Contributions - Issued: 21 November 2013 Applicable to annual periods beginning on or after 1 July 2014. Clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.
- Annual Improvements 2010 to 2012 Cycle - Issued: 12 December 2013, Applicable to annual periods beginning on or after 1 July 2014.

2.2 New and revised standards and interpretations not yet effective

- IFRS 9 : Financial Instruments (2009 and 2010) effective for annual periods beginning on or after 1 January 2018
- IFRS 14: Regulatory Deferral Accounts for annual periods beginning on or after 1 January 2016.
- IFRS 15: Revenue from contracts with customer for annual periods beginning on or after 1 January 2017. Provides a single, principles based five step model to be applied to all contracts with customers.
- Amendments to IAS 16 and IAS 38:Clarification of acceptable methods of depreciation and amortisation for annual periods beginning on or after 1 January 2016

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial investment accounted at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.4 Functional and presentation currency

The consolidated financial statements are presented in United States dollars, which is the Group's functional currency.

2.5 Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors, including making assumptions concerning future events that are believed to be reasonable under the circumstances. Actual results may differ from these accounting estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are accounted for prospectively.

In the process of applying the accounting policies as set out below, management has made the following judgements that have a significant risk of causing material adjustment to the amounts recognised in the financial statements:

a) Useful lives and residual values of property and equipment.

The useful lives and residual values of property and equipment are reviewed at each year-end. The useful lives, which are estimated by management, are based on historic analysis and other available information. The residual values are estimated based on useful lives as well as other available information.

b) Provisions and contingent liabilities

Various estimates and assumptions have been applied by management in arriving at the carrying value of provisions that are recognised in terms of the relevant accounting policy.

Management further relies on input from the Group's lawyers in assessing the probability of items of a contingent nature.

c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

3. ACCOUNTING POLICIES

The principal accounting policies of the Group, set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Basis for consolidation

The consolidated financial statements incorporate the financial statements of the Institute of Chartered Secretaries and Administrators in Zimbabwe and its investments, using uniform accounting policies up to 31 December 2015. Control is achieved where the Institute has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. Intra-group balances and transactions, and any unrealised gains from intra-group transactions are eliminated in preparing the consolidated financial statements.

Joint operation

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Institute has a 50% interest in joint operation Dzidzo House (Pvt) Ltd, and recognises in relation to its interest in a joint operation its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

ACCOUNTING POLICIES (Continued...)

- The group’s investment in joint operation is accounted for using the proportionate method in the consolidated accounts.
- The Institute accounts for the joint operation at costs in its separate financial statements.
- The financial statements of the joint operation are prepared for the same period as the group.

3.2 Revenue

Revenue is recognised when it is possible that future economic benefits will flow to the Group, and the revenue can be reliably measured. Revenue is in the form of fees and subscriptions receipts from students and members and is recognised on a receipt basis.

3.3 Finance income

Finance income comprises interest income from short term money market investments. Interest is recognised on an accrual basis.

3.4 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Institute, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. If the residual value is less than the carrying amount then the carrying amount should be depreciated over the revised remaining life of the asset on a straight-line basis as follows:

Property and equipment

Buildings	10%
Furniture and fittings	10%
Motor vehicles	20%
Computers	20%
Office equipment	10%
Solar equipment	10%

Land is not depreciated.

ACCOUNTING POLICIES (Continued...)

3.5 Intangible asset - Software

An intangible asset is recognised if it is probable that expected economic future benefits that are attributable to the asset will flow to the group and that the cost can be measured reliably. The intangible asset is carried at cost less accumulated amortisation over the estimated useful life of the asset which is three (3) years.

3.6 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made.

3.7 Financial instruments

Classification

The Group classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. The financial assets and financial liabilities are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

3.8 Financial instruments

Financial assets at amortised cost

A financial asset is classified as “amortised cost” only if both of the following criteria is met: The objective of the Group’s business model is to hold the assets to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments by principal and interest on the principal outstanding.

Trade and other receivables is the only line item on the group statement of financial position that is carried at amortised cost.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. The group has not designated any financial asset as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Financial liabilities at fair value through profit or loss

A financial liability is classified as “fair value through profit or loss” only if it is evaluated on a fair value basis, results in an accounting mismatch or it is a certain embedded derivative.

Financial liabilities at amortised cost

If either the three criteria on “financial liabilities at fair value through profit or loss” are met, the financial liability is classified as ‘amortised cost’.

Trade and other payables are the line items on the statement of financial position that are carried at ‘amortised cost’.

FINANCIAL INSTRUMENTS (Continued...)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.9 Inventory

Inventory is stated at the lower of cost and net realisable values. Cost is determined on the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.10 Impairment

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the unit on a pro rata on the basis of the carrying amount of each asset in the unit.

The Group assesses, at each reporting date, whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized or the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

3.11 Foreign currency

Transactions in foreign currencies are translated to the reporting currency of the Institute at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the reporting currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the reporting currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.12 Employee benefits

3.12.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

3.12.2 Termination benefits

Termination benefits are recognised as an expense when the Institute is committed demonstrably, without realistic

possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date,

EMPLOYEE BENEFITS (Continued...)

or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Institute has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3.12.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.13 Taxation

Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable: and
- Receivables and payables that are stated with the amount of value added tax included.
The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the consolidated statement of financial position.

INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS IN ZIMBABWE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

4 PROPERTY AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Small</u> <u>Tools</u>	<u>Motor</u> <u>Vehicles</u>	<u>Computer</u> <u>Equipment</u>	<u>Office</u> <u>Equipment</u>	<u>Furniture</u> <u>and</u> <u>fittings</u>	<u>Solar</u> <u>Project</u>	<u>Total</u>
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost or valuation									
Balance at 1 January 2014	135 000	215 000	8 113	192 967	126 959	80 494	71 880	18 255	848 668
Additions	-	-	-	11 650	4 852	13 818	2 725	3 046	36 091
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	135 000	215 000	8 113	204 617	131 811	94 312	74 605	21 301	884 759
Balance at 1 January 2015	135 000	215 000	8 113	204 617	131 811	94 312	74 605	21 301	884 759
Additions	-	-	-	-	748	675	320	-	1 743
Disposals	-	-	-	-	(13 692)	(1 437)	-	(10 431)	(25 560)
Balance at 31 December 2015	135 000	215 000	8 113	204 617	118 867	93 550	74 925	10 870	860 942
Accumulated depreciation									
Balance at 1 January 2014	-	-	(7 291)	(107 502)	(75 890)	(30 062)	(27 591)	(9 549)	(257 885)
Depreciation charge for the year	-	(21 500)	(307)	(39 623)	(20 801)	(8 749)	(6 115)	(1 173)	(98 268)
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	-	(21 500)	(7 598)	(147 125)	(96 691)	(38 811)	(33 706)	(10 722)	(356 153)
Balance at 1 January 2015	-	(21 500)	(7 598)	(147 125)	(96 691)	(38 811)	(33 706)	(10 722)	(356 153)
Depreciation charge for the year	-	(21 500)	(255)	(19 780)	(16 479)	(9 207)	(6 101)	(1 375)	(74 697)
Disposals	-	-	-	-	13 692	814	-	8 758	23 264
Balance at 31 December 2015	-	(43 000)	(7 853)	(166 905)	(99 478)	(47 204)	(39 807)	(3 339)	(407 586)
Carrying amount									
At 1 January 2014	135 000	215 000	822	85 465	51 069	50 432	44 289	8 706	590 783
At 31 December 2014	135 000	193 500	515	57 492	35 120	55 501	40 899	10 579	528 606
At 1 January 2015	135 000	193 500	515	57 492	35 120	55 501	40 899	10 579	528 606
At 31 December 2015	135 000	172 000	260	37 712	19 389	46 346	35 118	7 531	453 356

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
5 LONG TERM INVESTMENTS		
Money Market	46 126	130 859
Equities	19 585	22 278
	<u>65 711</u>	<u>153 137</u>
Less: Allowance for impairment losses (refer to note 5.1)	(45 626)	(84 733)
Less: Recovery from Deposit Protection Corporation (DPC)	(500)	
	<u>19 585</u>	<u>68 404</u>
5.1 The impairment losses refers to the investment held with Internfin bank which was placed under liquidation. \$500 was recovered from the Deposit Protection Corporation.		
6 INTANGIBLE ASSET		
Enterprise Resource Planning System		
Cost	192 122	192 122
Accumulated amortisation and impairment	(192 122)	(136 394)
Balance at beginning	(136 394)	(74 220)
Current year charge	(55 728)	(62 174)
Balance at the end of year	-	55 728
7 INVENTORY		
Past exam booklets	37 228	40 925
Study packs	5 992	10 476
Gowns	1 354	3 066
Study packs	2 483	2 628
Conference bags	600	682
Raw materials	290	-
	<u>47 947</u>	<u>57 777</u>
8 ACCOUNTS RECEIVABLE		
Sundry receivables	9 674	5 200
CFX Travel & Tours	27 017	-
Pay As You Earn (PAYE) - Refund	9 027	-
Prepayments	6 820	3 935
Staff debtors	29 832	7 632
	<u>82 370</u>	<u>16 767</u>
9 SHORT TERM INVESTMENTS		
Money market	<u>1 009 319</u>	<u>1 121 830</u>

Money market investments are made up of Old Mutual Unit Trusts which are short term investments held at fair value through profit and loss.

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
10 CASH AND CASH EQUIVALENTS		
Opening balances		
Cash and bank balances	97 692	127 594
Money market investments	1 121 830	742 734
	<u>1 219 522</u>	<u>870 328</u>
Closing balances		
Cash and bank balances	36 137	97 692
Money market investments	1 009 319	1 121 830
Cash and cash equivalents at year end	<u>1 045 456</u>	<u>1 219 522</u>
Net increase in cash and cash equivalents	<u>(174 066)</u>	<u>349 194</u>
11 ACCOUNTS PAYABLE		
Fees prepayments	43 065	43 685
Deposits not yet receipted	977	12 159
Accrued expenses	5 190	10 733
Legal Fees	19 780	-
Examination Venues	11 486	-
Prior year Tax Obligations	-	150 774
Public Accountants and Auditors Board	5 760	5 450
VAT	151	337
Withholding tax	2 882	3 794
Sundry payables	21	144
	<u>89 312</u>	<u>227 076</u>
12 PROVISIONS		
Audit fees	15 220	14 515
Capitation fees	28 260	42 076
Bonus	-	30 342
Leave pay	37 257	35 326
	<u>80 737</u>	<u>122 259</u>

13 RELATED PARTIES

The Institute has a related party relationship with Dzirzo House (Private) Limited in which it holds 50% equity investment. Unless otherwise disclosed, all transactions with the related party are on arm's length basis at market related prices.

Balances with related parties other than key management personnel

Dzirzo House (Private) Ltd	3 404	107
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Amounts owing from key management personnel

There were no balances owing from key management personnel.

	<u>2015</u>	<u>2014</u>
	<u>USD</u>	<u>USD</u>
14 TAXATION		
Current tax		
Zimbabwe income tax		
-Current	-	-
Movement in temporary differences	(2 634)	(1 096)
Unutilised assessed loss	<u>(4 337)</u>	<u>(952)</u>
	<u>(6 971)</u>	<u>(2 048)</u>
Tax rate reconciliation		
Accounting profits	<u>(16 789)</u>	<u>(24 776)</u>
Tax @ 25.75%	(4 323)	(6 380)
Tax rate adjustment on permanent differences	(2 610)	4 354
Interest received	<u>(38)</u>	<u>(22)</u>
	<u>(6 971)</u>	<u>(2 048)</u>
Deferred Tax		
Analysis of temporary differences		
Property and equipment:		
Accelerated wear and tear	(13 890)	(16 500)
Assessed Loss	<u>9 583</u>	<u>5 222</u>
	<u>(4 307)</u>	<u>(11 278)</u>

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	<u>2015</u>	<u>2014</u>
	USD	USD
15 REVENUE		
Continuous professional development	10 910	39 072
Election fees	7 200	10 800
Examination fees	603 172	740 474
Exemption fees	32 049	21 579
Membership fees	290 272	303 725
New registration	30 955	40 431
Re-registration	346 206	415 880
Annual conference	200 008	143 954
Winter school	24 232	38 749
	<u>1 545 004</u>	<u>1 754 664</u>
16 OTHER INCOME		
Annual charity golf day	6 685	8 081
Annual dinner	2 955	780
Gowns	4 259	4 063
Magazine advertising fees	1 800	9 182
Study packs & past papers	28 984	33 842
Penalties-current year	8 624	18 274
Ties	667	751
Sundry income	57 065	39 476
Functions	2 885	2 920
	<u>113 924</u>	<u>117 369</u>

	<u>2015</u>	<u>2014</u>
	USD	USD
17 ADMINISTRATION COSTS		
Audit fees-internal	9 200	9 200
Audit fees-external	11 320	9 965
Annual conference fund	186 967	106 289
Amortisation of intangible asset	55 727	62 174
Annual golf day expenses	7 349	8 081
Annual dinner	4 557	2 927
Bank charges	20 346	23 060
Cleaning expenses	3 080	3 586
Continuing professional development	24 646	35 872
Corporate secretaries international	7 500	7 500
Capitation fees	62 193	42 076
Computer expenses	57 164	50 521
Communications costs	49 009	58 956
Consultancy	5 765	-
Depreciation	74 698	98 268
Electricity and water	15 839	17 185
Examination costs	237 087	270 210
Exchange loss	-	13
Functions	41 054	40 687
Graduation prizes	1 205	1 825
Impairment of investment	45 626	84 733
Insurance	15 944	15 819
International expenses	-	723
Legal costs	27 899	10 446
Library	5 522	10 304
Loss on disposals of assets	1 547	-
Meeting expenses	35 281	41 024
Motor vehicle expenses	33 274	28 242
Office expenses	19 350	21 157
Provision for bad debts (PAAB levies)	11 353	-
Publications	13 485	3 990
Public relations	57 553	66 278
Printing and stationery	12 919	15 554
Repairs and maintenance	5 874	15 846
Costs of sales	23 123	7 978
Security	374	619
Taxation expenses	-	4 990
Travel expenses	42 966	30 297
Winter school expenses	27 512	49 148
Other expenses	3 294	1 612
	1 257 602	1 257 155
17.1 STAFF COSTS		
Basic salaries	442 312	429 534
Bonus	-	30 342
Wages	12 099	14 369
Medical aid contribution	36 807	30 446
Pension contributions	26 580	26 008
NSSA	7 437	7 587
Workers compensation insurance fund	4 084	4 015
Leave expense	17 951	20 228
Staff development costs	8 285	8 132
Staff uniforms	12 689	15 671
Overtime	6 093	7 111
Long service awards	11 944	5 117
Funeral cover	918	-
Other staff costs	3 959	1 862
	591 158	600 422

18. PRIOR PERIOD ERRORS

The correction of errors related to discovery of omissions in recording of Zimbabwe Revenue Authority (ZIMRA) obligations pertaining to prior periods (January 2009 to September 2014). Included is a retrospective restatement of accounts payable and administrative expenses.

Opening balances of reserves at beginning of 1 January 2014 were adjusted while the comparative amounts were restated accordingly.

Financial effect of prior period errors

STATEMENT COMPREHENSIVE INCOME	2014
Administrative expenses	
Previously reported	1 252 165
Adjustment	<u>4 990</u>
Balance as restated	<u><u>1 257 155</u></u>

STATEMENT OF FINANCIAL POSITION

	2014	2013
Accounts payable		
Previously reported	71 102	65 674
Adjustment	<u>150 774</u>	<u>145 784</u>
Balance as restated	<u><u>221 876</u></u>	<u><u>211 458</u></u>
 Accumulated fund		
Previously reported	1 386 663	1 272 893
Adjustment	<u>(150 774)</u>	<u>(145 784)</u>
Balance as restated	<u><u>1 235 889</u></u>	<u><u>1 127 109</u></u>

19 PENSION AND OTHER POST RETIREMENT OBLIGATIONS

Both the group and the employees make contributions to the following pension funds:

19.1 Institute of Chartered Secretaries and Administrators in Zimbabwe Pension Fund

All eligible employees are required to be members of a defined contribution pension scheme administered by Old Mutual Pension Fund.

19.2 National Social Security Authority

This is a defined contribution scheme established under the National Social Security Authority Act (Chapter 17:04). The group's obligations under the scheme are limited to specific contributions as legislated from time to time. These are presently 3.5% of basic salary up to the maximum insurable earnings limit of \$700 per month.

20 FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments are credit risk, interest rate risk and liquidity and cash flow risk. The group does not use derivative financial instruments for speculative purposes.

20.1 Credit risk management

Credit risk is the risk that counterparty will not meet its obligation under a financial investment leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities including deposits with banks and finance institutions and other instruments.

Financial assets that potentially subject the group to concentration of credit risk consist of amounts receivables and cash. The group's cash and cash equivalents are placed with high credit quality financial institutions.

20.2 Interest rate risk management

The group has adopted a non-speculative policy on managing interest rate risks. Only approved financial institutions with sound capital bases are used to invest surplus funds. The group does not have borrowing or interest commitments.

The group can only invest in certain clearly defined instruments. Where instruments are for medium to long term, these should be backed by security at all times. Investments and advances must be diversified in the market place. The composition of the Institute's investment portfolio must reflect market conditions.

20.3 Liquidity risk management

Liquidity risk is the risk that the group might be unable to meet its obligations. The group manages its liquidity needs by monitoring its scheduled payments as well as forecast cash inflows due on a day to day business.

20.4 Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies, and procedures or ethical standards. The risk exposes the Institute to fines and can lead to diminished reputation and limited business opportunities. The group manages compliance risk by regular management checks, quarterly internal audit checks and yearly external audit checks.

21 GOING CONCERN

The Council members have assessed the ability of the group to continue operating as a going concern and believe that preparation of these consolidated financial statements on a going concern is still appropriate.

22 EVENTS AFTER THE REPORTING PERIOD

The Institute signed a Purchase and Sale Agreement for the acquisition of 50% of the issued share capital of Dzidzo House (Private) Limited from Zimbabwe Institute of Management on the 8th day of March 2016. The Agreed purchase price was \$657 250.