tas Training & Advisory Services

CHARTERED ACCOUNTANTS

NEWSLETTER

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AUGUST - OCTOBER 2022

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Author: Simbarashe Mazanhi
Associate Advisor at TAS

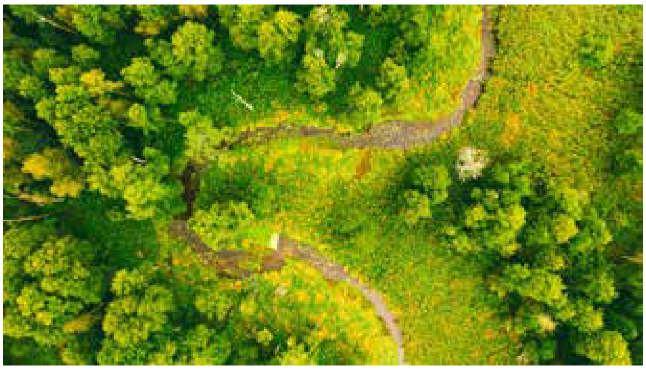
01. Sustainability reporting, the future is here.

Over the past decade, there has been a growing voice globally over Sustainability and sustainability reporting. This has seen United Nations (UN) adopting the 2030 Agenda for sustainable development through the 17 sustainable development goals. Locally we have seen initiatives by the government and regulators to align with the UN 2030 Sustainability Development Agenda. The government introduced its sustainability framework in National Development Strategy 1 (NDS1) and the enactment of Statutory Instrument 134 of 2019 on the Securities and Exchange Rules instrument. But what exactly is Sustainability and why is it that important to the business world?

Sustainability refers to the ability to maintain or support a process continuously over time. In the business and policy context, sustainability seeks to prevent the depletion of natural or physical resources, so that they will remain available for the long term. A common simpler way to look at an example of Sustainability is to look at earth as the mother of all value creation, thus the term mother earth. All our businesses, and livelihood can only thrive if Earth thrives, thus the Earth is our biggest asset that we share. From a business point of view, it is only logical that one would want to maintain and service the asset that is income generating to them, thus the need to service and maintain earth. It therefore becomes important that entities become more conscious of the impact of their operations to the environment.

Becoming conscious of the impact of our operations to the environment does not however happen overnight and neither is it easy. This is compounded by the fact that we operate in a capitalistic world where the question "what is in it for me" is asked more often when business decisions are taken. By the way, change is not easy generally. It is therefore critical that businesses come to the realization that sustainability is can also be good for them not only in the future but also in the current, by creating more business opportunities for them. This can vary from reduction of cost by making use of natural energy such as solar, avoiding penalties as a result of none compliance to regulatory sustainability requirements, to increasing sales and funding by appealing to those customers and lenders that support this initiative. Most of us may be familiar to initiatives such as supermarkets and food outlets moving away from providing plastic carrier bags to paper bags. Those which still provide plastic bags ask you at the counter if it is necessary to have one and they charge for the plastic bag, unlike in the past where a plastic bag was almost guaranteed on each purchase. We have seen some schools and Universities adopting the use of color-coded litter specific bins to separate plastics and organic waste so that plastic is not disposed at the wrong places. We have seen Tobacco commercial farmers moving into planting gum trees for tobacco curing, and mining companies installing solar photovoltaic plants for their operation, and the list is endless. The big question though is, are we communicating these initiatives enough to stakeholders for them to appreciate and even support them? This is where the value of Sustainability reporting comes through. Currently, Sustainability reporting is not part of the IFRS reporting framework, but International Sustainability Standards Board (ISSB) was formed in 2021 to develop sustainability reporting standards. There are other global initiatives that provide sustainability reporting guidelines such as Global Reporting Initiative (GRI), Sustainability Standards & Certification Initiative (SSCI), European Organization for Sustainable Development (EOSD), and Value Reporting Foundation (VRF). Corporate reporting is as a result undergoing a tremendous evolution from mere financial reporting to including both financial and non-financial information.

As Training and Advisory Services (TAS), we support entities with financial reporting and sustainability reporting. We work closely with the standard setting bodies and are ready to equip you in walking this new journey. TAS has also partnered with CAA Business School (CBS) to provide Board leadership capacitation on Sustainability.



For more information about TAS services on Sustainability reporting and trainings, contact ropa@tas.co.zw. For more information about the Board leadership course, contact yevai@caa.ac.zw.

Author: Webster Sigauke
TAS Chartered Accountants
Managing Director

02. Hyperinflationary reporting, how useful is it for decision making?

The issue

A common headache to all Zimbabweans, no-matter which profession one is from, is hyperinflation. Zimbabwe has been under the grips of hyperinflation since 2019, after the temporary relief from 2009 to around 2018, when the country adopted the multi-currency system. One of the professions mostly affected by hyperinflation, is the accountancy profession. Financial reporting is commonly done using the historical measurement basis, thus, value is attached to a transaction at the time it occurs as compared to the value perceived to it at the time of reporting. To put this into context, if an entity buys an asset and uses the historical measurement basis, that asset will be measured based on the invoice amount. This book value is in most instances not the value the market perceives at reporting date. This means in periods of hyperinflation, book values measured in historical measurement basis tend to be heavily understated and not communicate a fair financial performance or financial position of a company when evaluated at reporting date. The historical measurement basis is therefore misleading to users of financial statements in periods of hyperinflation. This is a problem that can be very counter productive to the economy as investors tend not to invest where value cannot be clearly demonstrated through accountability.

Solution by Accountants

To address the issue of grossly understated book values, Accountants make use of more than one measurement basis in periods of hyperinflation. Most accountants continue with the use of historical measurement basis, mainly because it is more objective as it normally is backed up by verifiable supporting evidence such as invoices, receipts, and contracts. Some make use of a blended approach of using both historical and current cost measurement basis by having some elements measured at cost and some at fair
some at fair values at reporting date. To bring all the numbers to current value including the comparative period, a hyperinflation restatement measurement basis is then used on the historical numbers. This will also give an opportunity to the accountants to measure the amount of losses or gains incurred on its monetary assets and liabilities as a result of the currency losing value due to hyperinflation.

An alternative that most companies in Zimbabwe have not explored is to present financial statements in a more stable currency.

These solutions are however only feasible when the economy is not in a state of severe hyperinflation.

How useful is the solution?

In November 2021, the Institute of Chartered Accountants Zimbabwe (ICAZ) conducted an industry survey and a subsequent forum to assess the usefulness of hyperinflated financial reports. The responses were mixed with a significant number of users of financials statements such as investors and lenders putting less reliance on those numbers. This raises a key question which is WHY? That question is important to answer because that means we have potential investors shying away from investing in Zimbabwe as they are not able to evaluate reliably the financial performance and return on their investment.

The response from the surveys also raised other key questions such as:

i.Do accountants view hyperinflation accounting as a solution or rather a burden to them?

ii.Are hyperinflation accounts only being prepared for the sake of compliance to International Financial Reporting Standards (IFRS), rather than for providing value to the users?

iii. Should hyperinflation accounting be stopped or rather be enhanced?

Well, to address the question of usefulness, we probably should explore who the intended recipient of the information is and what type of information do hyperinflated accounts give to users. Financial statements are prepared for external providers of funds such as shareholders, lenders, and creditors. In periods of hyperinflation, it is common that internal management will budget and have their internal financial reports in a stable currency such as the USD. The external groups mentioned above unfortunately may not have access to these internal reports in USD thus will end up relying on the annual reports. Even if they get access to the internal management reports, these can be manipulated as they are not audited.

So, if management do not use ZWL historical numbers for decision making, then why would external users of financial statements find them useful? The truth is that if the historical numbers are not either hyperinflated or reported in a more stable currency, they are likely not to give much value. Hyperinflated financial reports therefore have more value than historical numbers on their own.

Part of the useful financial information that comes from hyperinflated accounts include:

i.The accounts reflect real profits after considering the loss suffered as a result of hyperinflation. Investors and lenders can therefore measure the true financial performance of the entity.

ii.The impact of the risk from hyperinflation is quantified and reported. Investors and lenders can therefore assess the strength of the risk management policies of the entity towards hyperinflation.

iii.The ability to compare performance between periods. Hyperinflation reporting brings information in different periods to be measured all in current value, thus enabling one to see the true comparison between periods. In hyperinflationary periods, later years will always look better than previous periods when measured in historical terms, thus can be misleading if comparison is done in that state.

iv.The price index used is clearly disclosed, thus a user can assess the extent of the restatement performed.

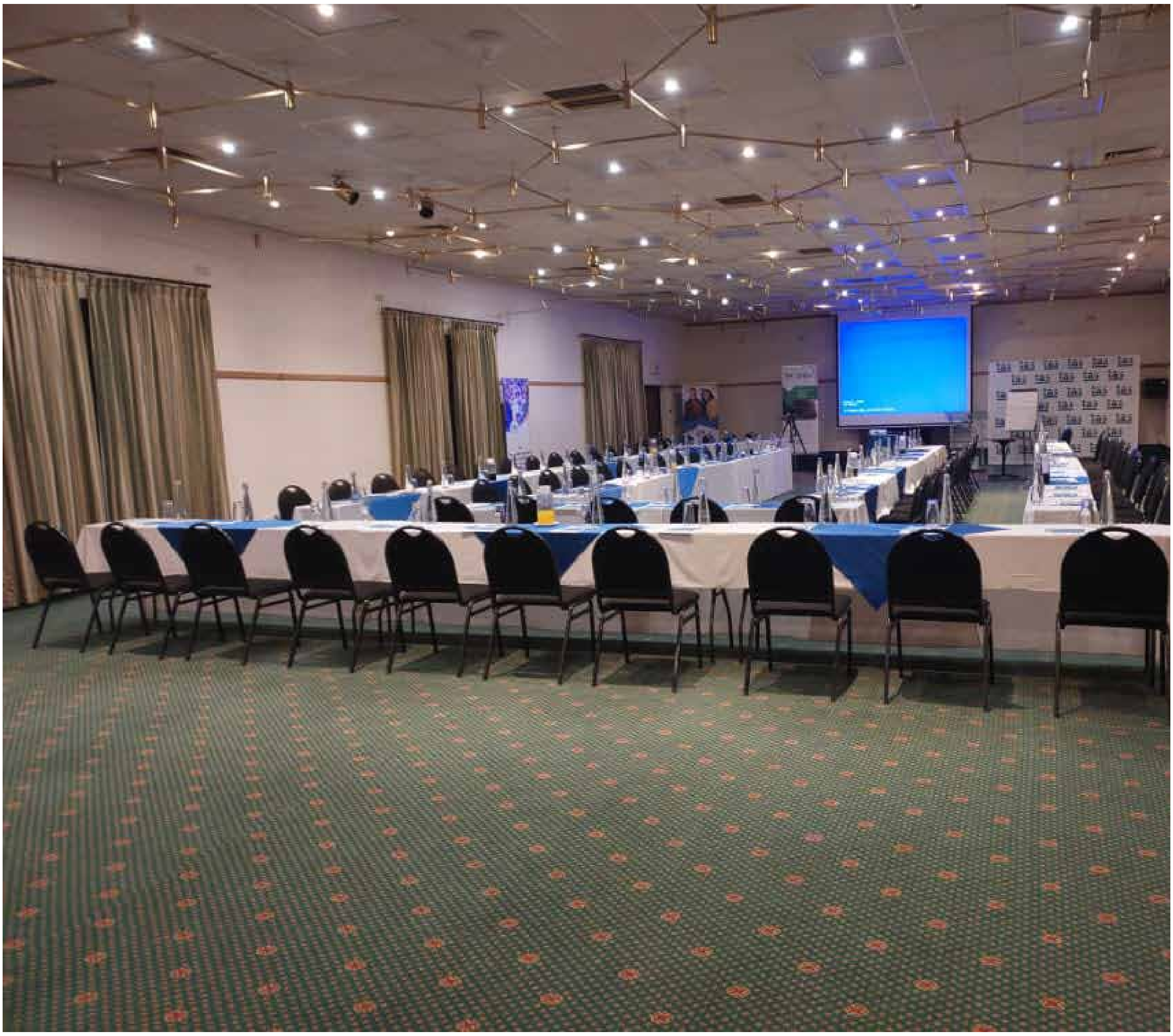
When issuing out hyperinflated financial reports, the preparer must strive to provide as much information to the users to make sense of them. The biggest challenges that I have noted with hyperinflation financial reports is some users may still not understand the monetary value expressed in a hyperinflated currency. This is because hyperinflated currencies will normally not be tradable into various other currencies. As an example, a British investor may fail to interpret whether ZWL 2 million profit is good or not because they simply do not understand the value of the ZWL currency and there is no observable exchange rate for the ZWL to the Pound. It is like being spoken to in a language that you do not understand, you derive zero meaning no-matter how well-spoken the speaker no-matter how well-spoken the speaker is. An easy solution to this is therefore to present financial statements in the currency in which your intended users understand.

The second challenge is some preparers do not assist the users in interpreting the hyperinflated financial reports. Hyperinflation reporting is complex on its own to accountants, what more to a non-accountant? Effort must therefore be put to assist with commentaries on the financials to interpret them. Supplementary nonfinancial information may also be useful to corroborate the numbers. This may come in the form of volume analysis, strategic nonfinancial results, the entity's strategic approach to the effects of hyperinflation etcetera.

What next?

Despite the value of financial reports, investors information needs go beyond financial reports. As accountants it is high time, we start embracing the value in fusing financial and nonfinancial information when providing feedback to our users of annual reports. In this last sentence I have deliberately avoided the word financial report and used annual report instead. We need to wire ourselves that way to see financial information as a component of the bigger report and information in this big report should be interconnected and complement each other to derive meaning. I therefore urge preparers of annual corporate reports to start exploring frameworks such as Sustainability reporting and Integrated reporting to enhance the quality of reports we provide to investors and lenders.

Webster Sigauke is a Chartered Accountant and a Registered Public Accountant. He is an IPSAS and IFRS expert who has experience in conducting trainings in financial reporting for both private and public sector entities in Zimbabwe and Southern Africa. He also has lecturing experience in Financial Accounting at CTA, ITC, and APC. He is the current Managing Director at TAS Chartered Accountants. TAS has supported various entities with hyperinflationary accounting among other complex standards. TAS has also embarked on the journey to support entities with sustainability and integrated reporting.



Author: Felicity Thandiwe
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Future-fit accountant what does the future hold Chartered Accountants their professional training? Part 2

In part 1 of this article, we introduced the new framework and part of the reasoning which brought it about. We will now explore some of the key differences between the 2 frameworks, namely: the 2016 framework and the future fit framework.

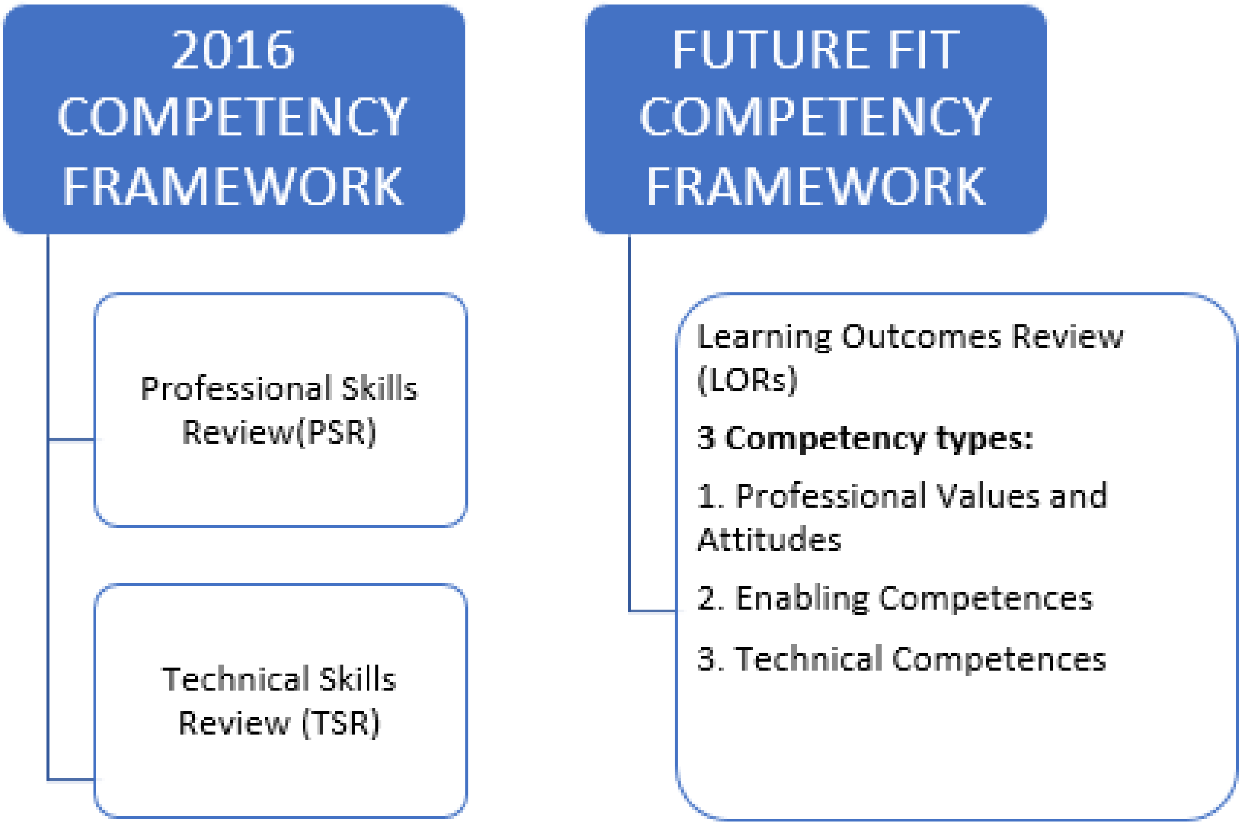
The goal of accounting practical training is to produce competent professional chartered accountants (CAs) who make a positive contribution to the profession and society in which they work during their lifetimes. The maintenance of professional competence in the face of a VUCA world makes it imperative that accountants develop and maintain an attitude of learning to learn.

The ICAZ Future Fit framework has been rigorously and robustly researched to ensure the ongoing, future-focused relevance of accountants in the VUCA world we live and work in. The ICAZ Future Fit framework therefore informs the competencies to be developed and assessed throughout the pre-qualification period, being the academic programme, training programme and professional assessments. The framework was developed by the South African Institute of Chartered Accountants (SAICA) working with the Institute of Chartered Accountant of Zimbabwe (ICAZ) and the Institute of Chartered Accountants of Namibia (ICAN).

What are the differences?
Competencies to be gained by trainees.

The current framework is competency based and it ensures that CAs, upon entry into the CA profession, are equipped with the necessary level of technical skills and pervasive skills as well as the experience to apply such

skills and knowledge to add value to a business.
Trainees are required to attain technical skills and pervasive skills which are documented into training records called Technical Skills Review (TSR) and Professional Skills Review (PSR) respectively.
On the other hand, the purpose of the ICAZ's Future Fit Accountant project is to imagine the future roles of the profession in a bid to keep abreast with global developments. The Future fit framework has added competen cies to the technical and pervasive skills that were attained in the 2016 training framework. Competencies under the future fit framework include the Professional Values and Attitudes, Enabling Competences and Technical Competences.
Trainees are required to raise what are termed as Learning Outcomes Reviews (LORs) as opposed to the Professional and Technical Skills Reviews (PSRs and TSRs).



Key change	ICAZ Future fit competency framework	ICAZ 2016 Training framework
Digital disruption	Increased emphasis on digital competencies (digital acumen)	Limited coverage on digital competencies and no reference to emerging technologies
Value creation in a business context	Use value creation in business to frame technical competencies – thus breaking down the traditional disciplines' silo approach to presenting knowledge. Increased emphasis on business acumen	Traditional presentation of knowledge areas according to disciplines. Limited reference to business acumen and value creation.
Balance and integration between technical and non-technical competencies	Although the importance of technical competencies was not diluted, non-technical competencies were integrated with technical competencies.	Emphasis on technical competencies though there were professional skills also assessed.
Ethics and citizenship	Includes all spheres of ethics and Citizenship	Only covered professional ethics with no reference to citizenship.
Historical looking versus forward looking	More forward looking by considering trends and events that will influence value creation	Emphasis on historical events

Learning and innovation work hand in glove. Yesterday's learning will not suffice, CAs need to continue learning to remain relevant in the future.

The Future fit framework is a joint project between ICAZ and South African Institute of Chartered Accountants (SAICA). The change in the competency framework was influenced by the work at International Federation of Accountants (IFAC) and Chartered Accountants Worldwide (CAW). SAICA and ICAZ are both members of both the CAW and IFAC. CAW brings together members of leading institutes to create a community of hundreds and hundreds of thousands of Chartered Accountants in more than 180 countries. IFAC is the global organisation for the accountancy profession.

We will explore the new future fit framework further in part 3 of this article series.

CLS Training Calendar

Training	Proposed Date
Trainees Refresher Conference	17 November 2022
Reviewers Refresher Conference	18 November 2022
Future fit Accountant – Stakeholders Conference	25 November 2022

FRT Training Calendar

Training Description	Proposed Dates	Mode of Delivery
Preparing for 2022 Financial Reporting	18 November 2022	Virtual
ISQM Training	23 November 2022	Virtual
How to Prepare a Sustainability Report	9 December 2022	Virtual

Public sector training calendar

Training area	Date	Format
First time adoption of IPSAS.	November	Physical
Structure of IPSAS financial statements: •IPSAS 1 – Presentation of Financial Statements •IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors •IPSAS 14 – Events After the Reporting Date •IPSAS 18 – Segment Reporting •IPSAS 24 – Presentation of Budget Information in Financial Statements •IPSAS 2- Cashflow statements	November	Physical
IPSAS 10 & IPSAS 4 – Financial Reporting in Hyperinflationary Economies & The Effects of Changes in Foreign Exchange Rates	December	Virtual
Revenues: •IPSAS 9 – Revenue from Exchange Transac-tions •IPSAS 23 – Revenue from Non-Exchange Transactions IPSAS 11 – Construction Contracts	December	Physical
Assets: •IPSAS 12 – Inventories •IPSAS 16 – Investment Properties •IPSAS 17 – Property, Plant and Equipment •IPSAS 21 – Impairment of Non-Cash Generat-ing Assets •IPSAS 26 – impairment of Cash Generating Assets •IPSAS 27 – Agriculture	January	Physical
Liabilities: •IPSAS 19 – Provisions, Contingent liabilities and Contingent Assets •IPSAS 39 – Employee Benefits •IPSAS 42 – Social Benefits	February	Virtual
Both Assets and Liabilities •IPSAS 32 – Service Concession Arrangements •IPSAS 43 – Leases	March	Physical

Meet the TAS Team

In this edition we feature Leanne Samupindi. She is an aspiring CA, who recently completed her CTA and is an Associate Advisor at TAS. During her spare time Leanne enjoys cooking, travelling and reading.

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IFRS Conference in pictures.

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Breast Cancer

Awareness Month

CAA
CHARTERED ACCOUNTANTS ACADEMY

January 2023
CTA Applications

Application fee ZWL **$29 750**
Applications close on 30 November

CTA Full time
Entry requirements

- ☑ Accounting degree with a degree class 2.2 or better or,
- ► Professional accounting qualifications (ACCA, CIMA or CIS) or
- ► ICAZ/SAICA accredited CTA bridging course for non accounting degree holders
- ☑ Qualification must have been attained within the last 3 years
- ☑ Available for full time study (no work commitments)

CTA Part time
Year 1 entry requirements

- ☑ Accounting degree with a degree class 2.2 or better or,
- ► Professional accounting qualifications (ACCA, CIMA or CIS) or,
- ► ICAZ/SAICA accredited CTA bridging course for non accounting degree holders
- ☑ Qualification must have been attained within the last 5 years

Year 2 entry requirements

- ☑ A pass in CTA part time year 1
- ☑ Students who were in the CTA fulltime and other ICAZ accredited CTA programs but would have failed with an average mark of at least 40% across all four modules will be eligible for admittance

How to Apply
Visit our website www.caa.ac.zw
click the apply now button

Who should Apply?
Anyone who holds the above entry requirements at the time of application and anyone who expects to meet any of the above entry requirements by **31 December 2022.**

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

ICAZ accredited institution

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If you need clarity, get in touch with us on the above contacts

CAA

CHARTERED ACCOUNTANTS ACADEMY

January 2023

Bursary Applications

Bursary applications closing on 31 October

CAA aims to give an opportunity to talented youth from less privileged backgrounds to embark on a career into the esteemed chartered accountancy profession

TERMS & CONDITIONS

- Applicant must be a Zimbabwean from a less privileged background and requiring support.
- Applicant must have applied for our CAA CTA full time program and have acquired a degree class 2.1 or better.
- The applicant should be willing to do CTA at CAA on a full-time study only.
- The applicant should be willing to train with CAA to qualify as a Chartered Accountant Zimbabwe CA(Z).

APPLICATION PROCESS

- Check for your acceptance email, once accepted for the CTA fulltime program click on the bursary link provided in the acceptance email.
- Complete the fields as required on bursary application form.
- Only short-listed candidates will be notified.

To apply for our bursary you have to apply for CTA full-time first.
Upon acceptance you will recieve a **bursary application link**

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IPSAS CERTIFICATE

International Public Sector Accounting Standards (IPSAS)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

IN COLLABORATION WITH

tas Training & Advisory Services CHARTERED ACCOUNTANTS

3 MONTHS ONLINE COURSE

REGISTRATION IS NOW OPEN & WILL CLOSE ON 15 OCTOBER 2022

IPSAS CERTIFICATE

The Government of Zimbabwe formally adopted and launched the International Public Sector Accounting Standards (IPSAS) implementation plan on the 3rd of April 2019, to move from the cash basis accounting to accrual basis in alignment with International best practice. IPSAS will be implemented in central government, local authorities and selected parastatals.

ICAZ is running an IPSAS certificate to certify proficiency in basic understanding of IPSAS to assist in the IPSAS implementation efforts.

FOR REGISTRATION, CONTACT:
technical@icaz.org.zw or 08677004297

COURSE STRUCTURE

MODULE 1	An overview of the work of the IPSASB & the adoption of IPSAS worldwide & in Zimbabwe
MODULE 2	Financial Statements Presentation
MODULE 3	Financial Performance
MODULE 4	Accounting for Assets & Liabilities
MODULE 5	Disclosures

COURSE IS SUITABLE FOR:

- Government Accountants and Finance staff
- Accountants and Bookkeepers in Local authorities
- External and Internal Auditors
- Government Consultants
- Lecturers and Academics
- Bursars
- Students

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A member of PAAB, PAFA, IFAC and CAW

CAA
CHARTERED ACCOUNTANTS ACADEMY

January 2023
BCTA Applications

Application fee ZWL $29 750
Applications close on 30 November

Bridging Course to the Certificate in theory of accounting (BCTA) is a new course offering from CAA, which is intended for business proffesionals who want to be qualified as Chartered Accountants but do not meet the ZCTA entry requirements.

After a successful completion of the BCTA program, applicants will be eligible to apply for the ZCTA program which is a path way in to the prestigious Chartered Accountants profession.

How to Apply
Visit our website **www.caa.ac.zw** click the apply now button & follow on screen instructions

Who should Apply

Holders of the following:

- A Bachelors degree in accounting that was acquired more than 5 years ago
- A Non-accounting Bachelors degree from the faculty of commerce, e.g Bachelors of Commerce degree majoring in banking & Finance, Marketing, Business Management, Economics etc

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