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**Responsibility:** **Partner**

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**Jurisdiction:** **Zimbabwe**

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1 (a) Funds with restrictions and those without should both be disclosed on the face of the statement of income and expenses to the extent that the rights to these funds is vested with the organisation. In the notes, disclosures may be made which expand on the limitations and expectations around these funds.

(b) The guidance is clear on identifying material funds and their specific categories.

(c) Ideally income, expenses, assets and liabilities should be tracked for each fund to comply with any fund specific requirements and also to ensure easier management and provide granular and relevant information to users of the financial statements. We appreciate that costs and benefits may be misaligned but systems, processes and controls may be adopted to cost and time efficiently implement this.

(d) We concur with the two criteria for a fund to be a fund with restrictions.

(e) Support costs have to be fairly allocated to each fund even though these are not eligible under the grant agreement but further disclosure must be made in the notes to the financial statements explaining the allocation. Funders must also be made aware of these allocations.

(f) The fund disclosure requirements and depth are satisfactory.

(g) The illustrative examples demonstrate the key concepts in fund accounting.

Disclosure should be made for funds with and without restriction to the extent that these disclosure meet the qualitative and quantitative requirements of financial statements.

2 (a) Expenses can be classified according to nature or function, whichever is most relevant and reliable to the users of the financial statements.

(b) Since both classification bases are permitted we do not believe the rationales require disclosure, unless for extraordinary necessity such disclosure is indispensable.

(c) We agree that with mixed disclosure, quantification is not necessary or required.

(d) Disclosure of certain information (amount paid to key management personnel and those charged with governance) is critical. To this end, and to ensure uniformity, other disclosure items need to be stated as necessary to be disclosed as a minimum baseline threshold so no critical disclosures are omitted or under-disclosed. A list/tick box

approach of these should be provided which will be used, over and above the disclosure requirements specific to each jurisdiction.

- (e) We agree with the definitions of the 3 different cost classification categories.
- (f) The categories mimic and are akin to those of divisions in corporate organisations. Since commercial and investment funds are all pooled to achieve the objectives of the NPO they are not fundraising per se but sure does possess the characteristics of fundraising hence may be disclosed separately but for the same purpose (fund-raising).
- (g) Where costs and efforts exceed the benefits or will have minimal impact on the users of the financial statements then such costs need not be split.
- (h) The costs relating to each category should be disclosed separately and on a gross basis.
- (i) Related party transactions and relationships both require disclosure. In spite of the transaction being at arm's length, it is necessary to disclose the related party relationship.

3(a) We concur.

- (b) Items/information included in the primary financial statements of the NPO need not be presented in a supplementary statement.
- (c) Grants payable should not be included as part of expenses but recognised before expense deduction.
- (d) We concur with the options for disclosure of inventory and capital related costs.
- (e) Supplementary statements do form part of the general purposes financial report to the extent that they are required to be presented or there is a reasonable expectation for such presentation in instances and for NPOs who deem such presentation fit.

4(a) Based on the presented illustrative financial statements, we believe that all major important line items and inclusions have been included.

5(a) The revised definition is appropriate.

- (b) We agree that equity claims are a subset of net assets or additionally may be net assets and can be used interchangeably.
- (c) We concur with the removal of these matters from the section and would like to add that the retained provisions/clauses are very rarely expected to be found in NPOs.

6(a) The pragmatic approach is proportionate and balanced.

- (b) Paragraph G38.5 appears contradictory. Our understanding is that to make "an explicit and unreserved statement in its financial report of compliance with the INPAG requirements for the financial statements only" appears in contrast to "rather than a statement of compliance with the full requirements of INPAG". IF there is full compliance with INPAG then NPOs should be permitted to issue an explicit and unreserved statement for all periods where compliance is achieved.

We agree with the 2 year compliance timeframe post transition but thereafter entities who are complaint should be able to make an unreserved statement of compliance or and except for statement if required.

7(a) The application guidance on fair value is uniform with other accounting standards based on the generally accepted hierarchy.

- (b) (i) Donated property being measured at fair value on initial recognition is agreeable.

- (ii) As in (i) above we concur with the measurement basis for property, plant equipment.
- (iii) As in (i) and (ii) aforementioned.

8(a) The measurement basis for impairment of inventories is justifiable.

(b) The definition aligns to IAS 36 albeit with sector specific (NPO relevant) nomenclature.

(c) We agree with taking into account economic benefits and service potential and would add “economic and other wider benefits” since these NPOs operate with a wider mandate in comparison to purely corporate entities for profit.

9(a) The term “business” can be construed as applying exclusively to commercial, for profit entities but can equally be applied to NPO’s, A more appropriate term may be “organisation” or “entity group”.

(b) The specific issue for comment is difficult to interpret. Based on our understanding, we believe the issue for comment is what occurs when there is negative goodwill. We believe that negative goodwill should be used to reduce the asset/equity value.

10(a) The 3 topics were not included due to them not being categorised as prioritised issue items and we agree with the alignment with IFRS for SME provisions on similar areas. All minor changes are agreeable.

(b) This matter can only be commented upon when this guidance is being addressed through a specific matter for comment in this Exposure Draft. It may be relevant to the NPOs to the extent that these are investing or legacy items from donors.

11(a) These could be useful and guidance should be provided and updated like any other standard.

(b) These could be useful and guidance should be provided and updated like any other standard.