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Responsibility:	Partner
Jurisdiction:	Zimbabwe
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Question 1: Financial instruments

a) Do you agree that there are no significant alignment changes required to section 11 other than those that have already been made? If not, set out the alignment changes you believe are required.

Alignment dovetails with other sections and no significant alignment changes required to section 11.

Question 2: Inventories

a) Do you agree with the expansion of Section 13 *Inventories* to specifically include inventory held for use internally, for fundraising or distribution? If not, why not?

Yes, we agree

b) Do you agree with the permitted exceptions that allow for certain donated inventories and work in-progress that comprises services to be provided for no or nominal consideration to not be recognised as inventory? If not, what would you propose instead?

If the exceptions are for purposes of not unduly burdening the reporting process/ requirements and where the cost outweighs the benefits then we are in support of such exceptions. Exceptions should also be viewed from a risk-based judgment lens to ensure that there is not only adoption due to the permission granted by the standard but the rationale is sound and grounded in a strong foundations.

c) Do you agree that fair value should be used to value donated inventory? If not, what would you propose instead?

Fair value is the correct valuation method for donated stock on initial recognition but should be valued at lower of cost and net realisable value at every period end thereafter.

d) Do you agree that inventories that are held for distribution at no or nominal consideration or for use by the NPO in meeting its objectives shall be measured at the lower of cost adjusted for any loss of service potential, and replacement cost? If not, what would you propose instead?

We propose a separate category for own use inventory since it is not expected to be used in the ordinary course of operations. This may lead to inadvertently misstating financials

e) Do you agree with the proposed disclosure requirements, particularly regarding the use of permitted exceptions and where donated inventories are not recognised because they cannot be reliably measured? If not, what would you propose instead?

In addition to the description of the inventories not recognised due to them being unable to be measured reliably, the reasons as to why such inventory cannot be measured reliably should also be stated and disclosed. Further, a range of valuations must be disclosed indicating what the preparers believe to be a fair and reasonable valuation.

Question 3: Provisions and contingencies

a) Do you agree that an illustrative example on warranties is removed from the Implementation Guidance, and a new example on onerous contracts is added? If not, why not?

Retaining the warranty example would not be unreasonable and may continue being illustrated in addition to the example/s on onerous contracts.

Question 4: Revenue References

a) Section 23 Part I and Section 24 Part 1 introduce new terminology relating to grant arrangements

1. Do you agree with the terms enforceable grant arrangement and enforceable grant obligations and their definitions? If not, what alternative terms would you propose to achieve the same meaning? What are the practical or other considerations arising from these definitions, if any?

These distinction are necessary and correctly named.

b) Do you agree with the structure of Section 23, with Part I focused on grants and donations, Part II focused on contracts with customers and a preface that brings together the key principles and information about how to navigate the guidance? If not, what changes would you make and why?

We agree with the said format

c) Do you agree that revenue is only deferred where the grant recipient has a present obligation in relation to the revenue received? If not, in what other circumstances could revenue be deferred and what is the conceptual basis for this proposal?

Deferment of revenue can be primarily due to a present obligation or upon the occurrence or fulfilment of a certain event, circumstance or milestone and thus we do not believe that the definition of deferred income should be narrowed to only a present obligation.

d) The revenue recognition model for enforceable grant arrangements requires that revenue is allocated where there is more than one enforceable grant obligation. Do you agree with the allocation methods identified? If not, what methods would you propose? What are the practical considerations?

What needs to be avoided is complexity and in the accounting process. Revenue should be allocated when there is the expectation and means to satisfies the obligations that are tied to the revenue.

e) Do you agree with the permitted exceptions that allow the recognition of some gifts in-kind, either when sold, used or distributed, and that these permitted exceptions cannot be used where donations are received as part of an enforceable grant arrangement? If not, what would you propose instead and what is the rationale?

We agree that permitted exceptions cannot be used where donations are received as part of an enforceable grant arrangement.

G23.37 a and b are reasonable although c is vague. Does this “critical” definition include all items in the furtherance of the objectives of the NPO? All items in the furtherance of the NPOs objectives may be deemed critical to an independent party.

f) Do you agree that services in-kind are not required to be recognised unless they are mission critical? If not, on what basis should services in-kind be recognised and what is the rationale?

Kindly refer to comment above

g) Do you agree that donations in-kind (both gifts in-kind and services in-kind) should be measured at fair value? If not, what would you propose instead?

Yes we concur

h) Do you agree that administrative tasks are generally not separate individually enforceable obligations, but a means to identify or report on resources in an enforceable grant arrangement? If not, provide examples of where administrative tasks are an enforceable obligation.

We concur

i) Do the proposals for disclosure of grant revenue provide an appropriate level of transparency? If not, what would you propose and what is the rationale for your proposal?

Disclosure should be tailor-made and bespoke to each entity and should contain information that would be useful to the users of the financial statements and other target audiences to enable and aid in decision-making, as opposed to being prescriptive and boilerplate.

j) Part I is written for simpler grant arrangements and Part II includes a paragraph for simpler contracts with customers. For more complex grant arrangements, additional guidance is provided about how to apply Part II in the NPO context. Do these proposals successfully remove duplication, help understandability and the ability to implement? If not, what would you change and why?

We do believe duplication is removed and if it exists there is special dispensation for its necessity.

k) Do you have any other comments on the proposals in Section 23, including whether the full content of the IFRS for SMEs section on revenue from contracts with customers in Part II is necessary for NPOs? If so, provide the rationale for the comment and cross reference to the relevant paragraphs.

No further comments.

Question 5: Expenses on grants and donations References

a) Section 24 Part I and Section 23 Part 1 introduce new terminology relating to grant arrangements². Do you agree with the terms enforceable grant arrangement and enforceable grant obligations and their definitions? If not, what alternative terms would you propose to achieve the same meaning? What are the practical or other considerations arising from these definitions, if any?

Yes we agree

b) Do you agree that all expenses on grants and donations can be classified as an enforceable grant arrangement or as another funding arrangement? If not, provide examples of which expenses on grants or donations would not fit in either of these classes, and why not?

Generally expenses can be classified as such except where and in instances where the NPO has their own income generating ventures that do not create enforceable grant arrangement or obligations and are separately identifiable and subject to varying disclosure requirements.

c) Enforceable grant arrangements are required to be enforceable through legal or equivalent means. Do you agree that regulatory oversight and customary practices can be sufficient to create an enforceable grant arrangement? If not, why not? What weight should be applied to these mechanisms?

Regulatory oversight and custom are sometimes subsets of legal and contractual rights hence should be considered since in a court of law credence may be had toward such avenues and they are enforceable. Whether or not they can independently be enforced is unclear although of contained as part of a contract they may be enforceable but not in and of itself in most cases.

d) Do you agree that the full amount of the grant (including where it covers multiple years) should be recognised as an expense if the grant-provider has no realistic means to avoid the expense? If not, under what circumstances should a grant provider not recognise the full expense and what is the rationale?

The full expense should be matched to the revenue over the periods.

e) Do you agree that grants for capital purposes are expensed by the grantor using the same principles as other grants? If not, why not? What would you propose instead?

We agree

f) Do the proposals for disclosure of grant expenses, which include a sensitive information exemption, provide an appropriate level of transparency? If not, what would you propose and what is the rationale for your proposal?

The audience/ party/ies/ stakeholders to which a duty of sensitivity reason non-disclosure and limited or non-disclosure is owed should be determined. If the necessity and proportionality for non-disclosure does not materially impact transparency then the exemption may be applied.

g) Do you agree that a grant-providing NPO with an OFA can only recognise an asset at the point that a grant recipient has not complied with a constraint on the use of funds provided? If not, what would you propose instead?

Yes we agree

h) Do you have any other comments on the proposals in Section 24, including that administrative tasks in an enforceable grant arrangement are generally not an enforceable grant obligation but a means to identify or report on resources? If so, provide the rationale for any comments and cross reference to the relevant paragraph.

Non

Question 6: Borrowing costs

a) Do you agree that there are no significant alignment changes required to Section 25, other than the terminology changes that have been made? If not, set out the alignment changes you believe are required.

We agree

Question 7: Share-based payments

a) Given the characteristics of NPOs, do you agree that guidance on share-based payments is not required? If not, provide examples of share-based payments and explain how they are used.

The nature and form of NPOs renders this irrelevant

Question 8: Employee benefits References

a) Do you agree that profit sharing and share-based payments are removed from Section 28 *Employee benefits* to reflect that employees of NPOs are very unlikely to be incentivised by sharing in the surpluses made by an NPO? If not, provide examples of such arrangements used by NPOs.

Yes we concur. Further, the scope and nature of NPOs are not structured on this basis.

b) Do you agree that in-year changes to the value of post-employment benefits can be shown on either the Statement of Income and Expenses or Statement of Changes in Net Assets? If not, why not?

The change during the year should be shown on the income statement and changes reflected in a reconciliation other than on the face of the financial statements

Question 9: Income tax References

a) Are there any elements of Section 29 *Income taxes* that are not required by NPOs? If so, explain which elements are not needed and why.

Usually taxes are not associated with NPOs. Notwithstanding, the mentioned taxes are relevant should taxes be applicable

Question 10: Foreign currency translation References

a) Do you agree that grants and donations should be considered when setting the functional currency? If not, why not?

Functional currency is independent of foreign currency considerations. The grants and donations should be the ones subject to foreign currency translations.

b) Do you agree with the principle that exchange gains and losses are shown as part of funds without restrictions unless they relate to a transaction that is to be shown as restricted? If not, why not?

Yes we agree

c) Do you agree with the proposal to require exchange gains and losses that contribute to a surplus or deficit on grant arrangements presented as funds with restrictions to be disclosed? If not, why not? What would you propose instead?

We agree

d) Do you have any other comments on Section 30, including whether there are any NPO-specific recognition and measurement issues associated with foreign currency translation? If so, explain your comments and the NPO-specific recognition and measurement issues.

No

Question 11: Hyperinflation References

a) Do you agree that there are no significant alignment changes required to Section 31, other than the terminology changes that have already been made? If not, describe any further alignment changes required.

None

Question 12: Events after the end of the reporting period References

a) Do you agree that there are no significant changes required to Section 32, other than those that have already been made for alignment purposes? If not, describe any further alignment changes required.

None