

Name of Respondent: Muhammad Umar

Organisation: Mo Chartered Accountants (Zimbabwe)

Responsibility: Partner

Jurisdiction: Zimbabwe

Email address: Muhammadumarkb16@gmail.com

Date 31 May 2024

1. The right to use an underlying asset at zero consideration does not create any obligations on the party bestowed such rights and should not follow the principles as right of use assets acquired through concessionary leases. They are distinctly dissimilar and if recognised as proposed it would not present a true, fair and faithful presentation of the arrangement. We also propose the change of definition to read as follows to ensure that it fully conveys the reality of the arrangement “right of use asset for no consideration” rather than “right of use asset in-kind”. There may be a particular reason as to why no consideration is granted and this may be either grounded in law, regulation, constructive obligations, contractual arrangements, for causes other than purely and solely commercial enterprise or for any other purpose. Further it may not be a strict right to use the asset/s but rather a granting of that asset to achieve a specific intended objective/s or for social, empowerment and or wider societal welfare via the custodian of the asset. Disclosure by way of note or in accounting policies should indicate that there is no consideration and the background of the arrangement should be presented and disclosed.
2. We agree with the amendments being non-authoritative and would like to highlight the need for terminology and substance of the arrangements should be clearly spelt out and the appropriate accounting treatment, disclosure requirements adopted and applied.
3. Reference is made to points 1 and 2 above.