



ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

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**The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2
CANADA**

Dear Stephenie,

Comments on conceptual Framework Exposure Draft 1

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Drafts issued by the International Public Sector Accounting Standards Board (IPSASB). Our comments on the proposed role and authority of the Conceptual Framework and the scope of financial reporting are as follows:

Question 1

Role, authority and scope of the Conceptual Framework

Comment

We agree with the proposed Role, authority and scope of the Conceptual Framework.

Question 2

Objectives of financial reporting by public sector entities and the primary users of GPFs of public sector entities and their information needs

Comment

We agree with the proposed objectives of financial reporting by public sector entities as highlighted under point 2.1 on page 17 of the Exposure draft. We fully support that Accountability and Decision-usefulness should form part of the objectives of financial reporting, financial reporting should be determined by reference to the users of GPFs, and their information needs. Users of financial statements will require information for accountability purposes and as input for making decisions.

We also do agree with the proposed primary users of GPFs of public sector entities and their information needs.

Question 3

Qualitative characteristics of, and constraints on, information included in GPFs of public sector entities. In particular, whether:

(a) “Faithful representation” rather than “reliability” should be used in the Conceptual Framework to describe the qualitative characteristic that is satisfied when the depiction of an economic or other phenomenon is complete, neutral, and free from material error; and

(b) Materiality should be classified as a constraint on information that is included in GPFs or as an entity-specific component of relevance

Comment

(a) We do not agree with the proposal that; “Faithful representation” rather than “reliability” should be used in the Conceptual framework .The institutes believes that although the meaning of the two terms may have some commonality, they mean very different things. Faithful representation is a softer notion which, when combined with a lack of specific identification of substance over form as a principle, could lead to a number of complications. Additionally, reliability may be seen as a broader notion than faithful representation.

However, assuming the IASB will replace reliability with faithful representation; in that case IPSASB should also align with the IASB and use the same terminologies.

(b) We do agree with the IPSASB’s view that materiality relates to, and can impact, a number of the qualitative characteristics of information included in GPFs, and is therefore better reflected as a broad constraint .

Question 4

The basis on which a public sector reporting entity is identified and the circumstances in which an entity should be included in a group reporting entity.

Comment

We do agree with the proposed basis on which a public sector reporting entity is identified and the circumstances in which an entity should be included in a group reporting entity.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Musonda Boniface

Technical Officer