



Accountants Park  
Plot 2374, Thabo Mbeki Road  
P.O. Box 32005  
Lusaka  
ZAMBIA

Telephone: + 260 21 1 374550/9, Fax + 260 21 1 255355  
E-mail: [technical@zica.co.zm](mailto:technical@zica.co.zm)

ZICA/12/21/6

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International Ethics Standards Board for Accountants  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York  
E-mail: [kensiong@ethicsboard.org](mailto:kensiong@ethicsboard.org)

Dear Sir,

**Comments on Exposure Draft - Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles.**

The Zambia Institute of Chartered Accountants (The Institute), the national regulator of the Accountancy Profession in Zambia, welcomes the opportunity to provide its views on the Exposure Draft: *“Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles”*.

The Institute supports the mandate of the IESBA, “to serve the public interest by setting high-quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, including auditor independence requirements, through the development of a robust, internationally appropriate code of ethics”.

Generally, we agree with the proposed changes. Our comments on the proposals in the ED are included in detail in the Appendix to this letter, where we have answered the specific questions asked.

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

Yours faithfully

Chansa A Chiteba

**DIRECTOR STANDARDS & REGULATION  
FOR/SECRETARY AND CHIEF EXECUTIVE OFFICER**

## APPENDIX – RESPONSES TO THE SPECIFIC QUESTIONS IN THE INVITATION TO COMMENT

### Proposed Revised Section 320

**Question 1:** Is the enhanced guidance on applying the “fair and honest” principle in Section 320 helpful?

#### Comment

The enhanced guidance on applying the “fair and honest” principle in Section 320 is helpful because it provides greater clarity than the current guidance in the Code. Paragraph 320.2 further gives a clear description of what constitutes “fair and honest” to avoid ambiguity.

**Question 2:** In particular, do respondents support the guidance in paragraph 320.3 addressing the issue of misuse of discretion in a manner that is intended to mislead? If not, please explain why. Are there any other considerations relating to this issue that should be addressed in Section 320?

#### Comment

We support the proposal to provide enhanced guidance in addressing the misuse of discretion in a manner that would intend to misrepresent an entity’s financial position, financial performance or cash flows while complying with the applicable financial reporting framework. We note that the enhanced guidance highlights possible circumstances that may lead to the misuse of discretion, whereas in its current form section 320.3 merely provides a checklist of what a PAIB should do to present information that is not misleading

**Question 3:** Paragraph 320.4 provides guidance as to what PAIBs are expected to do ethically in order to prepare or present fairly and honestly information that does not have to comply with a relevant reporting framework. Is this guidance sufficient? If not, what further guidance could Section 320 usefully provide?

#### Comment

We note that considering the purpose and context of information together with the audience to whom it is addressed may enable those who may rely on it to form their own judgments. However, we think that specific guidance should be provided on the format of information to suit the needs of the audience; otherwise it may result in different interpretations.

**Question 4:** Do respondents agree that where a PAIB relies on the work of others, the PAIB should be required to take reasonable steps to be satisfied that such work enables the PAIB to comply with the overarching principle in paragraph 320.2?

**Comment**

We do agree that where a PAIB relies on the work of others, the PAIB should be required to take reasonable steps to be satisfied that such work enables the PAIB to comply with the overarching principle in paragraph 320.2

**Question 5:** Do respondents agree with the guidance proposed in paragraphs 320.6 and 320.7 regarding disassociation with misleading information? Are there other actions that could be specified?

**Comment**

We agree with the proposed guidance in paragraphs 320.6 and 320.7. We further think other actions such as seeking legal advice or contacting the member body's help line will be helpful especially where a criminal activity is involved.

**Proposed Section 370**

**Question 1:** Do respondents agree with the overarching requirements in paragraphs 370.1 and 370.2?

**Comment**

Yes we do agree, but we feel the guidance should be more specific on what the PAIB should do under the circumstances. We also think there should be clear guidance where pressure is coming from a non-accounting professional.

**Question 2:** Are the illustrative examples of types of pressure that could result in a breach of the fundamental principles in paragraph 370.4 helpful?

**Comment**

The illustrative examples are helpful.

**Question 3:** Is it sufficiently clear that Section 370 addresses pressure that could result in a breach of fundamental principles, as opposed to the routine pressures that exist in the workplace? In particular, does paragraph 370.5 provide sufficient guidance to assist the PAIB in making that

distinction? If not, what other considerations should the PAIB take into account?

**Comment**

We think paragraph 370.5 provide sufficient guidance to assist the PAIB when faced with pressure that could result in a breach of the fundamental principles

**Question 4:** Do respondents find the guidance in paragraph 370.6 on responding to pressure that would result in a breach of the fundamental principles helpful? Are there other actions that should be considered?

**Comment**

Some guidance in paragraph 370.6 are helpful but we think engaging in constructive challenge may be misconstrued by both the PAIB and individual exerting the pressure to imply being confrontational. The wording should be rephrased to imply engaging in a professional dialogue.

We also think that restructuring or segregation of certain responsibilities and duties so that the professional accountant is no longer involved with the individual may not be feasible in a workplace.

**Question 5:** Are the references to other sections of Part C of the Code, in paragraph 370.9, helpful?

**Comment**

The references are help but we think that providing brief highlights of the sections will add value

**Request for General Comments**

- (a) Preparers (including Small and Medium Entities), and users (including regulators)—The IESBA invites comments on the proposed changes from preparers (particularly with respect to the practical impacts of the proposed changes), and users.
- (b) PAIBs working in the public sector— Recognizing that many PAIBs work in the public sector, the IESBA invites respondents from this constituency to comment on the proposed changes, and in particular, on their applicability and usefulness in a public sector environment.
- (c) Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.

(d) Translations—Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposed changes.

**General Comments**

- a) No comments.
- b) We believe our members will have less practical challenges to implement the proposed changes.
- c) As for now, we do not foresee difficulties in applying the proposed changes.
- d) The ethical standards for professional accountants are not presently translated in Zambia and therefore we do not foresee any translation issues that may arise.