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28th February 2014

**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 Exposure Draft 49, Consolidated Financial Statements.

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Draft 49, Consolidated Financial Statements; issued by the International Public Sector Accounting Standards Board (IPSASB), in October 2013.

The Institute deliberated the ED and our responses to specific questions are as follows:

Question 1

Do you agree with the proposed definition of control? If not, how would you change the definition?

Comment

We do agree with the proposed definition of control, it is line with the definition of control in an equivalent IFRS (IFRS 10). We therefore do not expect that our Accountants (Members) will have difficulties in applying the definition of control.

Question 2

Do you agree that a controlling entity should consolidate all controlled entities (except in the circumstances proposed in this Exposure Draft)? If you consider that certain categories of entities should not be consolidated, please justify your proposal having regard to user needs and indicate your preferred accounting treatment for any such controlled entities. If you have any comments about temporarily controlled entities, please respond to Specific Matter for Comment 3.

Comment

We have got no divergent views; controlling entity should consolidate all controlled entities (except in the circumstances as proposed in the Exposure Draft).

Question 3

Do you agree with the proposal to withdraw the exemption in IPSAS 6, Consolidated and Separate Financial Statements (December 2006) for temporarily controlled entities? If you agree with the withdrawal of the exemption please give reasons. If you disagree with the withdrawal of the exemption please indicate any modifications that you would propose to the exemption in IPSAS 6 (December 2006).

Comment

We have no comments.

Question 4

Do you agree that a controlling entity that meets the definition of an investment entity should be required to account for its investments at fair value through surplus or deficit?

Comment

Yes we do agree, a controlling entity that meets the definition of an investment entity should be required to account for its investments at fair value through surplus or deficit. The proposed accounting treatment is appropriate; IASB had considered the same matter and decided to amend IFRS 10.

Question 5

Do you agree that a controlling entity, that is not itself an investment entity, but which controls an investment entity should be required to present consolidated financial statements

in which it (i) measures the investments of the controlled investment entity at fair value through surplus or deficit in accordance with IPSAS 29, Financial Instruments: Recognition and Measurement, and (ii) consolidates the other assets and liabilities and revenue and expenses of the controlled investment entity in accordance with this Standard?

Do you agree that the proposed approach is appropriate and practicable? If not, what approach do you consider would be more appropriate and practicable?

Comment

The proposed approach is appropriate and practicable.

Question 6

The IPSASB has aligned the principles in this Standard with the Government Finance Statistics Manual 2013 (GFSM 2013) where feasible. Can you identify any further opportunities for alignment?

Comment

We have no comments.

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

Yours faithfully

Modest Hamalabbi
Technical and Standards Manager