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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 50, Investments in Associates and Joint Ventures.

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Draft 50, Investments in Associates and Joint Ventures; 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 generally agree with the proposals in the Exposure Draft? If not, please provide reasons.

Comment

Yes, we do agree with the proposals.

Question 2

Do you agree with the proposal that the scope of the Exposure Draft be restricted to situations where there is a quantifiable ownership interest?

Comment

Yes we do agree, but the conferred rights should also define how much risks could be borne by each party based on the percentage of the shareholding. In some sectors Joint arrangements burden one entity especially in the initial stage even though the shareholding is on a 50:50 basis.

Question 3

Do you agree with the proposal to require the use of the equity method to account for investments in joint ventures? If not, please provide reasons and indicate your preferred treatment.

Comment

The proposal to require the use of the equity method to account for investments in joint ventures is fine. But has earlier alluded to, rights should also define how much risks could be borne by each party based on the percentage of the shareholding. In some sectors Joint arrangements burden one entity especially in the initial stage even though the shareholding is on a 50: 50 basis.

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

Yours faithfully

Modest Hamalabbi
Technical and Standards Manager