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**9<sup>th</sup> February 2014**

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

Dear Stephenie,

**Comments on Exposure Draft 53, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).**

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Draft 53, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs); issued by the International Public Sector Accounting Standards Board (IPSASB), in October 2013.

The Government of the Republic of Zambia in 2009 adopted and implemented the International Public Sector Accounting Standards (IPSAS's) cash basis accounting; the accrual basis of accounting has not yet been adopted.

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

## Question 1

The objective of this Exposure Draft is to provide a comprehensive set of principles that provides relief to entities that adopt accrual basis IPSASs for the first time.

- (a) Do you agree with the proposed transitional exemptions included in the Exposure Draft; and
- (b) Do you believe that the IPSASB achieved its goal in providing appropriate relief to a first-time adopter in transitioning to accrual basis IPSASs?

Please provide a reason for your response.

### Comment

Yes we do agree with the proposed transitional exemptions and believe that the IPSASB would achieve its goal by providing appropriate relief to a first-time adopter in transitioning to accrual basis IPSASs. The accrual accounting is a complex issue, by providing a relief to entities that adopt the accrual basis International Public Sector Accounting Standards (IPSASs) for the first time would lessen the task of preparing financial statements and more entities would be willing to adopt IPSASs.

## Question 2

The IPSASB agreed that there should be a differentiation between those transitional exemptions that do not affect the fair presentation of a first-time adopter's financial statements and its ability to assert compliance with accrual basis IPSASs, and those that do.

- (a) Do you agree with the proposed differentiation and how it is addressed in the Exposure Draft, and
- (b) Do you agree that the individual categorization is appropriate?

If not, please provide a reason for your response and provide an alternative approach.

### Comment

We do agree with the proposed differentiation and individual categorization seems to be appropriate. Fair presentation is vital, otherwise financial statements would not be useful, in fact they may be misleading.

In order for financial statements to be useful to users (such as investors or loan providers), they must present financial information faithfully, i.e. financial information must faithfully represent the economic phenomena which it purports to represent.

### **Question 3**

This Exposure Draft proposes a relief period of three years for the recognition and/or measurement of specific assets and/or liabilities in allowing a first-time adopter to transition to accrual basis IPSASs. Do you agree that a relief period of three years is appropriate? If not, please indicate the time frame that, in your view, would be appropriate, supported with the reason for the longer or shorter transitional relief period.

#### **Comment**

We feel the proposed relief period of three years is appropriate. The first time adoption of IPSAS, and accrual accounting, requires detailed guidance and adequate time.

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

Yours faithfully

Modest Hamalabbi  
**Technical and Standards Manager**