



# ZICA

## ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

24 Joseph Mwilwa Road  
Rhodes Park  
P.O. Box 32005  
Lusaka  
ZAMBIA

Telephone + 260 21 222773, Fax + 260 21 236593  
E-Mail: [techzica@coppernet.zm](mailto:techzica@coppernet.zm)  
[zica@coppernet.zm](mailto:zica@coppernet.zm)

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

E-mail: [commentletters@iasb.org](mailto:commentletters@iasb.org)

Dear Sir

### **Comments on Exposure Drafts of Proposed Improvements to IFRSs**

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the International Accounting Standards Board (IASB)'s Exposure Draft of Proposed Improvements to IFRSs.

Our comments on the Exposure Draft are as follows:

#### **1. Proposed amendment to IFRS 2 Shared-based Payment**

**Question 1** – *Do you agree with the Board's proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?*

#### **Comment:**

Yes we agree with the board's decision to amend paragraph 5 of IFRS 2 to confirm that the contribution of a business on formation of a joint venture and common control transactions

are not within the scope of IFRS 2 even though they do not meet the definition of a business combination in IFRS 3 Business Combinations (as revised in 2008). This confirmation is necessary as paragraph 5 of IFRS 2 only excluded business combinations as applied in IFRS 3. In essence a combination of entities or business under common control, and the contributions of a business on the formation of a joint venture are by scope of IFRS 2 also excluded.

**Question 2** - *Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

**Comment:**

We do agree with the board's proposed transition provisions and effective date. This will enhance consistency and comparability of information.

**2. Proposed amendment to IFRS 5 Non-current Assets Held for sale and Discontinued operations**

**Question 1** – *Do you agree with the Board's proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?*

**Comment:**

We do agree with the board's addition of paragraph 5A as it clarifies the disclosures required in respect of non-current assets (disposal groups) classified as held for sale or discontinued operations.

**Question 2** - *Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

**Comment:**

Prospective application of the improvement to the IFRS is agreeable as this will not have an effect on the previously financial statements once the amendment becomes effective. Additionally 1 January 2010 is enough time for preparers of financial statements to be ready for the amendment.

**3. Proposed amendment to Basis of Conclusions on IFRS 8 – Operating Segments**

**Question 1** – *Do you agree with the Board's proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?*

**Comment:**

We do agree with the board's decision to amend the basis of conclusions to IFRS 8 - Operating Segments. In effect the amendment does not affect the wording of the standard

but simply tries to ensure that the board's thinking is in line with the interpretations published in the US.

**Question 2** - *Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

**Comment:**

Yes we agree with the transition provisions.

#### **4. Proposed amendment to IAS 7 Statement of Cash Flows**

**Question 1** – *Do you agree with the Board's proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?*

**Comment:**

We are in agreement with the Board's proposal as the amendment states explicitly that only an expenditure that results in a recognised asset can be classified as a cash flow from investing activities. As pointed out by the board, this will reduce divergence in practice and hence improve the understanding of financial statements by users.

**Question 2** - *Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

**Comment:**

Yes we agree with the transition provisions and effective date as this will give users ample time to effect the amendment.

#### **5. Proposed Amendment to Appendix of IAS 18 Revenue**

**Question 1** – *Do you agree with the Board's proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?*

**Comment:**

The guidance on determining whether an entity is acting as a principal or as an agent is a welcome development. This guidance makes the standard complete as it previously only provided guidance on how to account for amounts collected on behalf of the principle without specifying when the principal-agent relationship existed.

**Question 2** - *Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

**Comment**

Yes we agree with the transition provisions and effective date

***Question 3 – The Board proposes to include in the Appendix of IAS 18 Revenue, guidance on determining whether an entity is acting as a principal or as an agent. What indicators, if any, other than those considered by the board should be included in the guidance proposed?***

**Comment:**

We do not have any other indicators other than those proposed by the board. We feel these are adequate

**6. Proposed Amendment to IAS 36 Impairment of Assets**

***Question 1 – Do you agree with the Board’s proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?***

**Comment**

The proposed amendment requiring the equating of the level at which Goodwill is monitored with the lowest level of operating segments at which the chief operating decision maker regularly reviews operating results is a welcome move as has been indicated by the board, it avoids contradicting with the rationale underlying IAS 36, which requires that the level of Goodwill impairment test should be the same as the reporting unit level.

***Question 2 - Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?***

**Comment**

We do agree with the transitional provisions and effective date. The period of starting applying the amendment is adequate enough for all users and preparers of financial statements.

**7. Proposed Amendments to IAS 38 Intangible Assets**

***Question 1 – Do you agree with the Board’s proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?***

**Comment**

We do agree with the clarity brought by the proposed amendment as it will surely avoid misinterpretation in practice.

***Question 2 - Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?***

**Comment**

The transition provisions are fine as they align these provisions to IFRS 3 (revised in 2008). This will ensure consistence in the application of the principles and also the prospective application will ensure that previously recognised business combinations are not readjusted.

**8. Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement**

**Question 1** – *Do you agree with the Board's proposal to amend the IFRS as described in the Exposure Draft? If not, why and what alternative do you propose?*

**Comment**

We do agree with all the clarifications the board is proposing on IAS 39 Financial Instruments: Recognition and Measurement.

**Question 2** - *Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?*

**Comment**

We do agree with the transition provisions and effective date.

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

Yours faithfully

Modest Hamalabbi  
Technical Officer