



JURISDICTIONAL PROFILE: **Zambia**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Zambia. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Zambia Institute of Chartered Accountants (ZICA)
Role of the organisation	ZICA was originally established under the Accountants Act of 1982 and continues to exist under the Accountants Act of 2008. Its primary mandate is to promote the accountancy profession, through the regulation of accountancy practice and education in Zambia. As such, ZICA is the official Standard-setting body in Zambia.
Website	www.zica.co.zm
Email contact	zica.admin@zica.co.zm

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a

Yes.

single set of high quality global accounting standards?

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?

Yes.

What is the jurisdiction's status of adoption?

Zambia has adopted IFRS Standards for all or some companies.

Additional comments provided on the adoption status?

ZICA adopted the use of IFRS Standards by a resolution at the Annual General Meeting (AGM) held in April 2004. The effective date for complying with IFRS Standards was 1 January 2005.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

The use of IFRS Standards is required for all domestic companies whose securities are publicly traded.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Required.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Permitted.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a

Not applicable.

public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

The use of IFRS Standards is required for all foreign companies whose securities are publicly traded.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by the Board, ie standards and amendments are adopted/ endorsed as and when issued by the Board.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Indirectly.

If yes, how does that process work?

As indicated earlier, the adoption was done by a resolution at an Annual General Meeting of ZICA, which is the body designated under the Accountants Act of 2008 to establish accounting standards in Zambia. Thereafter, adoption is automatic as and when a new standard is issued. Since use of IFRS Standards is mandated on an ongoing basis, once a new or amended standard is issued by the Board, it becomes a requirement for those companies using IFRS Standards in Zambia.

The legal authority to set financial reporting standards rests with the Institute as provided for in the Accountant Act of 2008. However, the current Companies Act is not aligned with the Accountants Act as it does not specify which accounting standards are to be used by companies when preparing financial statements.

The ZICA has concluded that it might be difficult for ZICA to legally enforce its mandate because the Companies Act does not specify which standards are to be used. To address this inconsistency, ZICA has made a submission to the consultants currently reviewing the Companies Act under the Ministry of Commerce, Trade and Industry to revise the Companies Act to clearly state

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	that the financial statements of all companies in Zambia should be prepared in accordance with the financial reporting standards prescribed by ZICA.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	A formal process for endorsing individual IFRS Standards is not needed since ZICA (the body designated to set accounting standards in Zambia under the Accountants Act of 2008) has adopted IFRS Standards by AGM resolution.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	In Zambia, the standards are referred to as IFRS Standards, not Zambian GAAP or IFRS Standards as adopted in Zambia. The use of IFRS Standards is made public by ZICA through notification of its members (both auditors and general members). The ZICA website also provides information about the accounting standards applicable in Zambia.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	No. English is the official language in Zambia.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes, Zambia has adopted the <i>IFRS for SMEs</i> Standard without any modifications.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

All SMEs are permitted to use the *IFRS for SMEs* Standard, except for micro and very small entities, which must use the *Zambian Financial Reporting Standard for Micro and Small Entities (MSEs)* – see answer to next question.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

All SMEs with an annual turnover of less than K20 million (rebased) (approximately US\$ 2 million) are required to use the *Zambian Financial Reporting Standard for Micro and Small Entities (MSEs)*. However, if the entity actively trades in financial instruments (including shares, derivatives, and bonds) or if it is a real estate investment company, it must use the *IFRS for SMEs* Standard or full IFRS Standards.

All SMEs whose turnover is more than K20 million (rebased) per annum and are not listed on the stock exchange may opt to use full IFRS instead of the *IFRS for SMEs* Standard.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.