

ZICA Launches the Three Tier Financial Reporting Framework in Zambia

The Zambia Institute of Chartered Accountants launched the three tier Financial Reporting Framework in Zambia on 15th December 2010 at the Intercontinental Hotel. Over 40 practicing members of the Institute attended the launch.

Under the three tier financial reporting framework, entities have been categorised are as follows:

No.	Type of Entity	Financial Reporting Framework	Audit Assurance Requirement
1.	Listed Companies, Public Interest Entities and Government Owned Enterprises	Full IFRS	Full Audit Assurance Engagement
2.	Economically Significant Companies – companies that are not public companies or quoted on the stock exchange with turnover of K20 billion and above	IFRS for SMEs or Full IFRS if the Company opts to use it	Full Audit Assurance Engagement
3.	Micro and Small Entities – entities with Turnover of less than K20 billion	Zambian Financial Reporting Standard for Micro and Small Entities	No full audit required. If needed full audit can be done, otherwise Accountants report will suffice subject to Companies Act amendment

The three tier financial reporting framework is effective for annual periods beginning on or after 1st January 2011. This effectively means the framework should be applied to financial statements ending on or after 31st December 2011.

The effective date for full compliance with the IFRS for SMEs and the Financial Reporting Standard for MSEs is 1st January 2012. The period from 1st January 2011 to 31st December 2011 is to facilitate transitional arrangements for preparing financial statements.

The Financial Reporting Standard for MSEs is available on the ZICA website under Technical Matters for members to download.