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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 DRAFT (2012/3) – EQUITY METHOD: SHARE OF OTHER NET ASSET CHANGES (Proposed amendments to IAS 28)**

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Draft (Ed/2012/3) Equity method: Share of Other Net Asset Changes (proposed amendments to IAS 28), issued by the IASB on 22<sup>nd</sup> November 2012.

The Institute agrees with the IASB that **diversity in practice** exists on how investors should recognize their share of the changes in the net assets of an investee that are not recognized in profit or loss or other comprehensive income of the investee, and that are not distributions received (other net asset changes).

Our responses to specific questions are as follows:

**Question 1**

The IASB proposes to amend IAS 28 so that an investor should recognise in the investor's equity its share of the changes in the net assets of the investee that are not recognised in profit or loss or OCI of the investee, and that are not distributions received.

Do you agree? Why or why not?

**Comment**

We disagree with the proposed accounting treatment to recognize in the investor's equity its share of other net assets changes. It would add to complexity and the proposed approach is inconsistent with concepts and principles in paragraph 25 of IFRS 10 Consolidated Financial Statements.

We are of the view that the Investor should account for the investee's other net asset changes that result in indirect decreases and increases in the investor's ownership interest (deemed disposals and acquisitions), in the same way as actual disposals and acquisitions of interest in the investee. This approach would no create inconsistency with IFRS 10 and it would provide timely and useful information about the investor's performance.

**Question 2**

The IASB also proposes that an investor shall reclassify to profit or loss the cumulative amount of equity that the investor had previously recognised when the investor discontinues the use of the equity method.

Do you agree? Why or why not?

**Comment**

As indicated in our response to question 1, we believe that an investor should account for an investee's other net asset changes as deemed acquisitions and disposals. Therefore, under this view, recycling would not be needed because any gains or losses would be reported in profit or loss in the period in which the net asset change occurs.

**Question 3**

Do you have any other comments on the proposals?

**Comment**

We do not have any other comments on the proposals

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

Yours faithfully

Modest Hamalabbi  
**Technical and Standards Manager**