

Consolidated Comments

DISCUSSION PAPER ON ACCOUNTING STANDARDS FOR SMALL AND MEDIUM-SIZED ENTITIES

Paragraph 1.	Yes. The chief end of developing the financial reporting accounting standards would be to improve the financial reporting system by ensuring the needs of the users of SME financial statements are met.	
Paragraph 2	The Board should set out a clear criteria to be used in determining which entities the standards should apply to.	
Paragraph 16.	Agreed	
Paragraph 20.	The standards for SMEs should be intended for entities that are being managed by their proprietors. This should be made clear in the standard, with specific benchmarks set. In an event of departure from the same, there should be disclosure. Leaving the decision with the national regulatory authorities and standard-setters, would not so much encourage compliance.	
Paragraph 22.	Agreed, partly although in Zambia in particular, the number of companies on the stock market is very few and secondly their listing on the stock has nothing to do with their size. There bigger corporations which are not on the stock market e.g. the three major parastatals.	
Paragraph 23.	<p>The full IFRSs should apply where any one of the following exist:</p> <ul style="list-style-type: none"> - where a corporation is a member of the multi-national - having the IASB Standards for SMEs suitable for all unlisted entities would render the definition of a SME meaningless, - full IFRS should be used by companies with public accountability - the other compelling factor by 	

	<p>an entity to use the full IFRS would be if its securities are being traded on the stock market.</p> <p>- 3a and 3b, Yes</p>	
Paragraph 31	(a), (b) and (c) are agreed except that those brokers and dealers merely holding funds in trust on the instructions of others can be best dealt with through client accounts. In the case of (d) any entity providing an essential service such as electricity will surely be subject to a licensing authority with the ability to obtain all the information that is needed.	
Paragraph 33	Agreed. Even one objection from a shareholder should be sufficient to require full IFRS.	
Paragraph 38	To be looked at by the chairman	
	Questions 3a to 3d Yes	
	Question 3e, subject to above comment	
Paragraph 41	Agreed	
Paragraph 50	Agreed	
Paragraph 51	Alternative (a) seems to be the sensible solution and consistent with the objective of providing the information necessary broadly in line with the principles of IFRSs.	
	Question 5b answer a	
Paragraph 61	Modified IFRSs should be the basis for IFRS for SMEs.	
	Question 6, agreed	
	Question 7: 7a, 7b and 7c	
	The standards should be printed in one volume	
Paragraph 65	The objective is to reduce the burden of using full IFRS by reducing the disclosures and simplifying the measure criteria. The users of these financial statements in an SME as described have the ability to extract any further information they require. To give examples tax authorities can require additional information, banks considering lending can refuse to do so and minority shareholders can insist on full IFRS. See paragraph 71.	

Question 7	<p>Modifications of IFRS should be with the objective of simplifying the production of financial statements recognizing that those with a need to know have the ability to extract the required information. This is in contrast to the publicly quoted company where the investor has no opportunity to obtain information other than from the financial statements presents to them</p>	
Question 8	<p>IFRS for SMEs should be organized by IFRS number. This will assist with transition from one to other, allow a basis for interpreting any uncertainties that may arise and provide the conceptual framework for the production of financial statements</p>	