



GUIDANCE NOTE 4

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS THREE TIER FINANCIAL REPORTING FRAMEWORK

The Zambia Institute of Chartered Accountants has the mandate to regulate and govern the conduct of its members in the practice of their business and profession. Arising from this mandate, the Institute has powers to develop, promote and enforce internationally comparable practice standards (i.e. accounting, auditing and ethics) in Zambia.

No.	Type of Entity	Applicable Financial Reporting Framework	Audit Assurance Requirement
1.	Listed Companies and Public Interest Entities	Full International Financial Reporting Standards (IFRS)	Full Audit Assurance Engagement
2.	Economically Significant Companies – Companies that are not public interest entities or quoted on the stock exchange but with turnover of K20 million and above	IFRS for Small and Medium Entities (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 million	Zambian Financial Reporting Standard for Micro and Small Enterprises (MSEs)	No full audit required. If needed full audit can be done, otherwise Accountants report will suffice subject to Companies Act Amendment

In line with this mandate, the Institute on 15th December 2010 adopted the use of the Three Tier Financial Reporting Framework for entities in Zambia. Under the three Tier Financial Reporting Framework entities have been grouped into three categories and are required to apply the reporting frameworks as follows:

The Institute wishes to notify the general public and the members of the accountancy profession that the effective date for full compliance with the IFRS for SMEs is 31st December 2011 where as for the Zambian Financial Reporting Standard for Micro and Small Enterprises (MSEs) is 1st January 2012. The period from 1st January 2011 to 31st December 2011 is the time for transitional arrangements in preparing financial statements under the Zambian Financial Reporting Standard for Micro and Small Enterprises (MSEs).

You may contact the undersigned to clarify any matter related to the foregoing.

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