

STATE OF IFRS IN NAMIBIA

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ABBREVIATIONS

- GAAP – generally accepted accounting practices
- IAS – international accounting standards
- IFRS – international financial reporting standards
- ICAN – Institute of Chartered Accountants - Namibia
- PON – Polytechnic of Namibia

RESEARCH PROBLEMS

- IFRS not appropriate for:
 - Small national economies
 - Small entities
- IFRS expensive venture especially for:
 - Small entities
 - Local entities
- IFRS no value addition
 - Only for general-purpose financial statements

OBJECTIVES

To establish:

- Reasons for non-adoption / compliance
- Technical problems with IFRS adoption / compliance
- Benefits, if any

GAAP

- What is GAAP?
- Mandatory sources:
 - National laws
 - Companies Act, Close Corporation Act, Credit Agreements Act
 - National accounting standards
 - ICAN
 - Local stock exchange requirements
 - Namibia Stock Exchange

GAAP

Non-mandatory sources:

- International accounting standards
- Foreign statutory requirements
 - Subsidiaries of multi-national corporations

ACCOUNTING FRAMEWORK

- Measurement
 - Choice of accounting methods, e.g.
 - Depreciation
 - Inventory valuation
- Recognition
 - Journals (daybooks)
 - Ledgers
- Disclosure
 - Financial statements
 - Other financial reports

FAITHFUL REPRESENTATION

True and fair view

- Underlying assumptions
 - Going concern
 - Accruals
 - Prudence
 - Consistency
- Qualitative characteristics
 - Understandability
 - Relevance
 - Materiality
 - Reliability
 - Accuracy
 - Neutrality
 - Timeliness

PURPOSE OF FRAMEWORK

- Development of future IFRS
- Harmonisation
- National standard setting
- Assist accountants & auditors
- Assist users of financial statements

GENERAL-PURPOSE FINANCIAL STATEMENTS

- Financial position statement
- Performance statement
- Statement of changes in financial position
- Statement of changes in equity
- Disclosure of accounting policies

COMPLIANCE WITH IFRS

Ensures fair presentation:

- Disclosure of compliance with IFRS
- Compliance relates to all IFRS
- Disclosure is no rectification for inappropriate accounting policies

DEPARTURE FROM IFRS

- Requires justification by management
- Departure necessary for fair presentation
- Details of such departure
- Financial effect of such departure

STUDENT RESEERACH

- An investigation on financial reporting & adoption of IFRS in Namibia
- The application of IAS/IFRS by private companies in Namibia
- An investigation into the adoption of IAS by commercial banks in Namibia
- Investigative study on the degree to which FNB applies IAS/IFRS with regard to group financial statements

RESEARCH FINDINGS

- Namibian financial statements compliant with IAS/IFRS
- IAS/IFRS adds value
- Audit opinion confirming compliance with IAS/IFRS
- Qualified opinion for departure or non-compliance
- IAS/IFRS facilitates understandability & comparison
- All IAS/IFRS adopted except non-relevant standards

RESEARCH FINDINGS

Problems:

- Lack of qualified accountants – very expensive
- Unfair presentation if IAS/IFRS not complied with
- Need for separate IAS/IFRS for small companies
- Fair valuation of assets and liabilities:
 - Measurement
 - Recognition

CONCLUSION

- Namibia alive to IAS/IFRS
- IAS/IFRS adds value (usefulness)
- Users of financial statements appreciate IAS/IFRS
- IAS/IFRS should apply to all companies
- Cost inevitable & justifiable

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