

## **PUBLIC NOTICE.**

### **(NBAA) THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS TANZANIA**



### **INVITATION FOR COMMENTS ON FINANCIAL REPORTING STANDARD FOR MICRO ENTITIES.**

The National Board of Accountants and Auditors (NBAA) is seeking comments on the exposure draft which has been posted on **NBAA website:** <http://nbaa.go.tz/2017/exposedraft.pdf>

The National Board of Accountants and Auditors (NBAA) is an accountancy regulatory board established by the Auditors and accountants (Registration) Act No. 33 of 1972 as amended by the Auditors and Accountants (Registration) (amendment) Act No.2 of 1995. NBAA is charged with the responsibility of developing, regulating and promoting the accountancy profession in Tanzania.

The enabling act, empowers the Board to issue accounting and auditing standards and guidelines as appropriate and ensure compliance with those standards and guidelines by its members.

The main objectives of issuing standards and guidelines is to make sure that adequate accounting and related records are properly maintained and that high professional standards are adhered to in the performance of the accounting/auditing function and promoting uniformity of financial reporting and provision of useful information to the users of financial statements in the country.

Before 2004 Tanzania had its own local standards known as Tanzania Financial Reporting Standards (TFASs) and Tanzania Auditing Standards (TASs) which were issued by NBAA

From July 2004 Tanzania migrated to the International Financial Reporting Standards (IFRSs), International Public Sectors Accounting Standards (IPSASs) and International Standards on Auditing (ISASs). In the case of accounting standards this was the first tier accounting standards to be applied in Tanzania.

On 9 July 2009 the International Accounting Standards Board (IASB) issued an International Financial Reporting Standard (IFRS) designed for use by small and medium-sized entities (SMEs). This was a second tier accounting standard to be used in Tanzania.

NBAA through its various stakeholders managed to identify the urgent need for having in place a tailored Financial Reporting Standard for Micro Entities in Tanzania. It was observed that in practice IFRS for SMEs is too complex for them (micro entities), therefore in 2015/2016 NBAA in collaboration with other stakeholders undertook the project to the final version of the proposed standard. It is expected that this standard will bring about various benefits on the side of the preparers, users as well as regulator of the micro entities.

When issued to the public it will be a third tier of the accounting standards applicable in Tanzania after the full IFRSs and IFRSs for SMEs.

### **Objectives of the Standard**

This Standard is intended for use by micro entities which meet the qualifying criteria set out in Section 1 of the Standard.

The objectives of the Standard are to:

- a) provide a simplified reporting framework for micro entities to encourage them to prepare financial statements in compliance with best practices in financial reporting;
- b) address the majority of transactions and events that most micro entities in Tanzania may encounter;
- c) ensure that the Standard is a standalone document, which is easy to understand and implement;
- d) allow for the fair presentation of the financial position and financial performance of an entity;
- e) meet the needs of the users of financial statements of micro entities;
- f) be consistent with the principles of basic framework of accounting; and
- g) be cost effective to apply.

### **Basis of the Standard**

The standard is consistent with basic concepts of accrual accounting relating to recognition, measurement, and presentation and disclosure requirements appropriate for small size and simple nature of micro entities to meet the financial information requirement of the users of their financial statements.

### **Organisation of the Standard**

The Standard is organised by topic, with each topic presented in a separate numbered section. Cross references to paragraphs are identified by section followed by a paragraph number.

### **Application of the Standard**

An entity that qualifies as a micro entity as defined in this standard. However, a micro entity may decide to apply IFRS for SMEs or full IFRS if it desires. A micro entity may be incorporated or unincorporated.

With this public notice all key stakeholders are invited to submit their comments on this Financial Reporting Standard for Micro Entities specifically on the following areas:

- I. Organization of the Standard.
- II. Intended scope of application of the standard as set out in section 1 of the standard.
- III. Any section(s) of the standard
- IV. Illustrative formats as set out in Section 4 of the standard, and
- V. Illustrative Financial Statements as set out in Annex 3.

Comments submitted should be supported with detailed reasons and recommendations for easy understanding and consideration during deliberations.

The deadline for receiving stakeholders' comments is on **30th June, 2017 at 16:00hours**.

**Effective Date**

The expected date of this Standard will be for accounting periods beginning on or after 1<sup>st</sup> April, 2018.

Please use emails [mohamed.msimu@nbaa.go.tz](mailto:mohamed.msimu@nbaa.go.tz) and [saimon.kiondo@nbaa.go.tz](mailto:saimon.kiondo@nbaa.go.tz) to send your comments to NBAA.

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