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The Continental Accountability Seminar Livingstone, Zambia

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Introduction

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Chartered Accountant

Member of ZICA, ICAEW and IIA

Been in this profession since early 90s

Specialised in Financial Services generally

Work with Central Banks specifically

Speaker on various professional bodies

Scope of Presentation

Financial Reporting: The case of multinational corporations

Objective and Learning Outcome:

Description of impact of multiple territories operation

Description of impact of multiple layer of regulation

Describe the interplay of IFRS with multiple reporting

All the above using a company as an example

The company used is an International Bank

Headquarter in UK and regional operations in Africa (SA)

Regional branches in rest of Africa operated from SA

Regulatory Impacts

- The parent (controlling entity) in UK, listed on LSE
- Regional (African) subsidiary in SA, listed on JSE
- Local (Zambian) subsidiary in Zambia, listed in Lusaka
- The regulators involved LSE, BOE, JSE, SARB, BOZ, SEC
- Assuming US connections SEC also involved
- Influence from Ministries through regulators
- Issue is not number of regulators but the regulation
- The number of “auditors” involved
- The above even if there was a debt instrument listed

Regulatory Requirements

- The relevant regulator (Central Bank) govern provisions
- Prudential reporting requirements
- Know Your Customer requirements
- Personal Interest Entity has relevant exposures
- Relevant accounting standards being used
- IFRS, Local GAAP, Regulatory standards, Specific Group requirements
- US GAAP approach as opposed to conceptual approach
- Need for consolidation as opposed to exclusion

Form of Companies

- Various forms based on territories
- Private, Public, SOE, LLC (Zambia as opposed to others)
- Limited by Guarantees, Societies Act
- Objective of organisation (Profit as opposed to Not for profit)
- Choice based on stakeholders (SOE as opposed to Private)
- Specific legislation (such as Charities Act or NGO requirements)
- Specific standards based on stakeholders (IPSAS)
- The Bank is a public company but other forms available
- For Asset holding local limited company
- For raising debt or equity another form based on stakeholders

Form of Companies

- Major difference in how to account (Cash vs accrual) + others
- Purpose of the company (asset as opposed to service)
- Market development a major factor (sophistication)
- Major development stripping out services
- Close companies now being phased out in some parts

Auditing requirements

- Another multi territory challenge, requirements vary
- Some regions have sophisticated requirements (size, PIE, employees)
- Others audited without any difference
- Various versions available (Audit, Independent review, Accountant)
- Objective vs User suitability
- Shareholders vs Finance provider vs Investors vs Tax authorities
- Auditor rotation vary based on territories (EU vs Africa)
- Geographical impacts of taxation
- Zambian as opposed to SA or UK rates

Summary

- Reporting in a geographical spread entity impacted by
- Regulation, form of companies, Audit requirements
- Statutory Requirements and local legislation available
- Maturity of local legislation
- Taxation is a major impact although significance changing



Thank you

Any Questions

Contact

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