

International Journal Research Publication Analysis

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EXPLAIN THE IMPORTANCE, SIGNIFICANCE, SCOPE AND DISADVANTAGES OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN VARIOUS JURISDICTIONS AND WHY REVISION OF THEM IS IMPORTANT (ZAMBIA IS THE COUNTRY OF REFERENCE)

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Article Received: 01 September 2026

Article Revised: 21 September 2026

Published on: 12 October 2026

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DOI: <https://doi-org/101555/ijrpa.1679>

ABSTRACT

This technical seminar report examines the importance, significance, scope and disadvantages of International Financial Reporting Standards (IFRS Accounting Standards) in different jurisdictions, with Zambia as the principal country of reference. It also explains why periodic revision of the Standards is important. The report adopts a desk-based qualitative review of authoritative standard-setting, regulatory and professional literature.

The report finds that IFRS contributes to comparability, transparency, accountability, investor confidence and cross-border interpretation of financial statements. Its scope is particularly significant for publicly accountable entities and capital-market reporting, while the IFRS for SMEs Accounting Standard provides a simplified framework for eligible entities. Zambia adopted IFRS Standards through the Zambia Institute of Chartered Accountants, with compliance effective from 1 January 2005. Despite these benefits, IFRS may create implementation costs, technical complexity, reliance on professional judgement, valuation difficulties and challenges where local institutional capacity is limited.

The report further finds that periodic revision of IFRS is necessary because financial markets, business models, technology, transactions and users' information needs continue to evolve. Post-implementation reviews and amendments enable the International Accounting Standards Board to assess whether Standards continue to operate as intended and to address unintended

consequences or emerging financial reporting issues. The report concludes that IFRS remains important to Zambia's financial reporting environment; however, effective application requires continuous professional development, effective enforcement, proportionate reporting frameworks and active participation in international standard-setting processes.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Financial reporting is a central component of modern commerce because investors, lenders, regulators, employees, governments and other stakeholders depend on financial statements to evaluate the financial position and performance of entities. Where companies operate, raise finance or invest across national borders, differences in accounting rules can make financial statements difficult to compare. International Financial Reporting Standards were developed to provide a common financial reporting language capable of improving transparency, accountability and comparability in capital markets.

IFRS Accounting Standards are developed by the International Accounting Standards Board (IASB) under the governance of the IFRS Foundation. Their influence extends across many jurisdictions, although the legal mechanism of adoption and the classes of entities required or permitted to use them differ from country to country. Some jurisdictions require IFRS for listed or publicly accountable entities, some permit IFRS alongside national generally accepted accounting principles, and others incorporate IFRS through endorsement or local adoption mechanisms.

Zambia has made a public commitment to IFRS Accounting Standards. The Zambia Institute of Chartered Accountants (ZICA), which has legal authority to establish accounting standards in Zambia, adopted IFRS through a resolution at its Annual General Meeting in April 2004, with an effective compliance date of 1 January 2005 (IFRS Foundation, 2017). The IFRS Foundation's jurisdiction profile indicates that IFRS Accounting Standards are required for domestic public companies in Zambia and that IFRS for SMEs is permitted for eligible SMEs, while micro and very small entities use a national reporting standard subject to specified criteria.

The relevance of IFRS is not limited to compliance. Common standards can help users compare companies across markets, reduce information asymmetry and support confidence in financial information. At the same time, international standards can be complex and costly to implement, especially for entities operating in environments with shortages of specialist skills, weak valuation markets or limited enforcement capacity. These advantages and disadvantages make

it necessary to evaluate IFRS not merely as a technical accounting framework but as an institutional system that interacts with national laws, regulators, markets and professional capacity.

IFRS is also not static. The IASB maintains and revises Standards through research, consultation, amendments, interpretations and post-implementation reviews. The IFRS Foundation's 2026 Due Process Handbook explains that post-implementation reviews assess whether the effects of applying a new Standard or major amendment are working as intended in the current environment and whether benefits and costs differ significantly from expectations. Revision is therefore part of maintaining relevance and quality rather than evidence that the entire reporting system has failed.

1.2 Problem Statement

The global use of IFRS has improved the possibility of using a common accounting language across jurisdictions, but application occurs within different legal, economic and institutional environments. A rule that is conceptually consistent at international level may be costly or difficult to apply in a jurisdiction where markets for fair values are less developed, professional expertise is scarce or regulatory enforcement is uneven. Conversely, excessive local modification can weaken international comparability.

In Zambia, IFRS is an important part of the national financial reporting architecture, particularly for public companies and other entities falling within the applicable reporting framework. However, students, preparers and users of financial statements need a clearer understanding of why IFRS matters, what its scope is, what disadvantages arise from its application, how jurisdictional differences affect implementation and why the Standards require continuing revision. A technical examination of these issues is therefore necessary, with Zambia used as the main reference point.

1.3 Objectives of the Study

1.3.1 General Objective

To examine the importance, significance, scope and disadvantages of International Financial Reporting Standards in various jurisdictions and explain why revision of the Standards is important, using Zambia as the principal country of reference.

1.3.2 Specific Objectives

- 1 To explain the importance and significance of IFRS in financial reporting and international business.
- 2 To examine the scope and application of IFRS across different jurisdictions, with particular reference to Zambia.

- 3 To identify major disadvantages and implementation challenges associated with IFRS.
- 4 To explain why IFRS Accounting Standards require periodic revision and continuous maintenance.

4.1 Research Questions

- 1 What is the importance and significance of IFRS in financial reporting and international business?
- 2 What is the scope of IFRS and how does its application differ across jurisdictions, particularly in Zambia?
- 3 What disadvantages and implementation challenges are associated with IFRS?
- 4 Why is periodic revision and maintenance of IFRS Accounting Standards important?

4.1 Significance of the Study

The report is useful to accounting and commerce students because it connects the conceptual purpose of IFRS with its practical application. It is relevant to preparers and accountants because it highlights benefits, costs and professional judgement issues that arise during implementation. Investors and lenders may benefit from understanding how international standards support comparability while still being influenced by jurisdictional enforcement and economic conditions. The discussion is also relevant to Zambian regulators, professional bodies and educators because effective adoption depends on training, interpretation, monitoring and participation in the international standard-setting process.

4.2 Scope of the Study

The report focuses on IFRS Accounting Standards as a global financial reporting framework. It considers their importance, significance, scope, disadvantages and revision. Jurisdictional discussion is comparative but selective rather than exhaustive, with Zambia serving as the principal country of reference. The report considers full IFRS and, where relevant, IFRS for SMEs. It does not provide a standard-by-standard technical accounting manual and does not attempt to reproduce the text of individual Standards.

4.3 Chapter Summary

This chapter introduced the subject, stated the problem, objectives and research questions, and explained the significance and scope of the report. Chapter Two reviews the literature and conceptual issues surrounding IFRS, jurisdictional application, disadvantages and revision.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature relevant to the study objectives. It begins with the meaning and development of IFRS, then examines importance, significance and scope. It considers jurisdictional application, disadvantages and implementation challenges, and finally explains the rationale for revising and maintaining Standards.

2.2 Meaning and Development of IFRS

International Financial Reporting Standards are authoritative accounting requirements issued by the IASB. They are intended to improve the quality and comparability of general purpose financial reporting. IFRS developed from the earlier International Accounting Standards framework and now includes IFRS Accounting Standards, surviving International Accounting Standards and related interpretations. The system is supported by a conceptual framework and a formal due process.

The international character of IFRS is important because financial capital moves across borders. Investors may compare entities headquartered in different countries, multinational groups consolidate subsidiaries located in several jurisdictions, and lenders may assess borrowers using information produced under different regulatory environments. A common reporting framework reduces, though does not eliminate, the difficulty created by different national accounting systems.

2.3 Importance and Significance of IFRS

2.3.1 Comparability and Consistency

One of the most important functions of IFRS is to provide a common basis for preparing and interpreting financial statements. Comparability allows users to identify similarities and differences between entities and across reporting periods. Consistent principles also reduce the need for investors to learn completely different accounting systems for each jurisdiction.

2.3.2 Transparency and Accountability

IFRS requires recognition, measurement, presentation and disclosure of economically significant information. When applied faithfully, these requirements can improve transparency about assets, liabilities, income, expenses, risks and judgements. Transparent reporting supports accountability by enabling investors and other users to evaluate how management has used the resources entrusted to it.

2.3.3 Investment and Capital Allocation

High-quality financial reporting can reduce information asymmetry between corporate insiders and external capital providers. Greater confidence in reported information can improve the

environment for investment analysis, lending decisions and capital allocation. IFRS does not guarantee investment performance or eliminate business risk, but it can improve the informational basis on which economic decisions are made.

2.3.4 Multinational Business and Consolidation

Multinational groups benefit when subsidiaries use compatible accounting principles. A common framework can reduce reconciliation work, simplify group reporting and improve internal comparison. International standards can also facilitate communication between parent companies, foreign investors, auditors and regulators.

2.3.5 Professional Development and Regulatory Coordination

IFRS creates a common technical reference point for accountants, auditors, educators and regulators. This supports professional mobility and cross-border learning. It also encourages national institutions to participate in international consultations and to update education and continuing professional development as standards evolve.

2.4 Scope of IFRS

The scope of IFRS is broad but not identical in every jurisdiction. Full IFRS is primarily designed for general purpose financial statements of profit-oriented entities, particularly those with public accountability or capital-market significance. The IFRS for SMEs Accounting Standard provides a simplified framework for eligible entities without public accountability, subject to jurisdictional decisions about eligibility.

IFRS covers major areas of financial reporting including presentation of financial statements, inventories, property, plant and equipment, intangible assets, revenue, leases, financial instruments, income taxes, employee benefits, provisions, business combinations, consolidation, foreign currency transactions, impairment and fair value measurement. The precise reporting obligations of an entity depend on which Standards apply to its transactions and circumstances.

Jurisdictions determine how IFRS enters domestic law or regulation. Consequently, scope has two dimensions: the technical scope of the Standards and the legal scope of entities required or permitted to use them. This distinction is essential when comparing countries.

2.5 IFRS in Various Jurisdictions

Jurisdictional approach	Typical characteristic	Implication
Direct requirement/adoption	IFRS required for specified classes such as listed companies.	High alignment with IASB-issued requirements where no local modifications are made.
Endorsement mechanism	Standards become mandatory after approval by a regional or national authority.	Timing or endorsed text may differ from IASB issuance.
Permission alongside national GAAP	Certain entities may choose IFRS while others use local standards.	Multiple reporting frameworks coexist.
National convergence	Local standards are designed to converge substantially with IFRS.	Comparability improves but differences may remain.
Separate SME framework	IFRS for SMEs or a national SME standard is used for smaller entities.	Reporting burden can be proportionate to entity size and public accountability.

These approaches show why IFRS should not be described simply as a single legal system imposed identically everywhere. The IASB issues international standards, but national or regional authorities determine legal adoption, enforcement and eligible entities. Differences in securities regulation, company law, taxation, auditing, language and institutional capacity can therefore affect implementation.

2.6 IFRS in Zambia

Zambia's IFRS jurisdiction profile identifies ZICA as the official standard-setting body. ZICA adopted IFRS by resolution at its April 2004 Annual General Meeting, with compliance effective from 1 January 2005. The profile states that IFRS Accounting Standards are required for domestic public companies and are also required for listings by foreign companies in Zambia (IFRS Foundation, 2017).

The same profile explains that Zambia adopted the IFRS for SMEs Accounting Standard without modification. Eligible SMEs may use it, while micro and very small entities meeting the stated criteria use the *Zambian Financial Reporting Standard for Micro and Small Entities*. This demonstrates the principle of proportionality: the reporting framework applied to an entity reflects its size, public accountability and economic significance.

Zambia's approach is significant because new or amended IFRS requirements do not require a separate standard-by-standard endorsement process after issuance. According to the IFRS Foundation profile, adoption operates on an ongoing basis through ZICA's authority under the

Accountants Act. This increases alignment with IASB requirements but also creates a continuing need for local professional education and implementation readiness.

2.7 Disadvantages and Challenges of IFRS

2.7.1 Complexity

Some IFRS requirements are technically complex. Financial instruments, leases, consolidation, impairment, revenue arrangements and fair value measurement may require substantial professional judgement and specialist knowledge. Complexity can increase the risk of inconsistent interpretation, particularly where preparers have limited access to technical expertise.

2.7.2 Implementation and Compliance Costs

Transitioning to new or revised standards can require changes to accounting systems, data collection, contracts, internal controls, staff training and audit procedures. These costs may be material for smaller entities or organisations with limited resources. Even where the long-term benefits are significant, implementation costs occur immediately and can be difficult to absorb.

2.7.3 Reliance on Professional Judgement

Principle-based standards cannot prescribe a mechanical answer for every transaction. Judgement is therefore necessary when determining materiality, control, impairment, useful lives, valuation assumptions and other matters. Judgement allows reporting to reflect economic substance, but it can also reduce comparability if similar facts are interpreted differently.

2.7.4 Fair Value and Market Limitations

Some IFRS measurements depend on market information or valuation techniques. In less active markets, observable inputs may be limited and entities may rely more heavily on models and assumptions. This can increase valuation uncertainty, cost and the need for specialist expertise.

2.7.5 Tension with Local Legal and Economic Conditions

International standards are designed for global application, but jurisdictions differ in company law, taxation, financing systems, market maturity and enforcement. IFRS financial reporting objectives may not always align neatly with tax reporting or statutory requirements. Entities may therefore need parallel records or reconciliations.

2.7.6 Frequent Change and Learning Burden

Regular amendments are necessary to maintain relevance, but they create a learning burden. Preparers, auditors, regulators, educators and software providers must continually monitor effective dates and transition provisions. If implementation support is weak, frequent changes can temporarily reduce consistency.

2.8 Importance of Revising IFRS

Financial reporting standards operate in a changing economic environment. New financial products, digital business models, complex group structures, evolving financing arrangements and changes in investor information needs can expose gaps or ambiguities in existing requirements. Revision allows standards to respond to these developments.

The IFRS Foundation's 2026 Due Process Handbook states that a post-implementation review assesses whether a new Standard or major amendment continues to work as intended in the current environment, taking account of market developments and unintended consequences. It also considers whether benefits to users are materially lower than expected or implementation, auditing and enforcement costs materially higher than expected (IFRS Foundation, 2026).

Revision is also important for clarifying application questions, reducing unnecessary diversity in practice and improving disclosures. The IASB uses research, public consultation, exposure drafts and stakeholder feedback before issuing major changes. The due process is built around transparency, full and fair consultation, and accountability (IFRS Foundation, 2026).

Importantly, revision should balance improvement with stability. Constant fundamental change would make reporting costly and difficult to compare over time. The purpose is therefore not change for its own sake, but evidence-based maintenance where reporting problems are sufficiently important and a practical solution can be developed.

2.9 Research Gap

Much of the literature discusses IFRS adoption, benefits or technical requirements separately. There is value in bringing together four related dimensions in one analytical report: importance and significance, scope across jurisdictions, disadvantages, and the rationale for revision. A Zambia-centred discussion is particularly useful because it connects global standard-setting with the national institutional framework and the practical needs of preparers, students and users of financial statements.

2.10 Chapter Summary

The literature shows that IFRS provides a common international financial reporting framework with important benefits for comparability, transparency and capital allocation. However, its application differs across jurisdictions and can impose complexity, cost and judgement challenges. Zambia has adopted IFRS through ZICA and uses a differentiated framework for entities of different types and sizes. Continuous revision is necessary to maintain relevance and address implementation experience.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter explains the method used to develop the technical seminar report. Because the topic concerns accounting standards, jurisdictional application and standard-setting policy, the report uses a desk-based qualitative research design rather than a field survey.

3.2 Study Design

The study adopted a qualitative documentary review design. This design was appropriate because the research questions require explanation and critical analysis of accounting standards, regulatory arrangements and standard-setting processes. The method allowed information from authoritative documents to be compared thematically.

3.3 Target Materials

The target materials consisted of publications from the IFRS Foundation and IASB, Zambia-specific jurisdictional information, professional and regulatory material relating to ZICA, and established academic literature on accounting standardisation. Particular attention was given to authoritative sources describing IFRS adoption in Zambia and the IASB's process for maintaining and revising Standards.

3.4 Source Selection Procedure

Sources were selected purposively according to relevance, authority and currency. Primary institutional sources were preferred for factual claims about IFRS adoption, due process and current standard-setting arrangements. Academic sources were used to explain theoretical and analytical issues such as comparability, harmonisation, implementation cost and professional judgement.

3.5 Data Collection Tools and Methods

Document analysis was the principal data collection method. A review matrix was used to organise information under four themes corresponding to the specific objectives: importance and significance; scope and jurisdictional application; disadvantages and challenges; and reasons for revision. Zambia-specific evidence was recorded separately to maintain the country-of-reference focus.

3.6 Data Analysis

The collected information was analysed thematically. Statements from different sources were grouped according to the research objectives, compared and synthesised. The analysis distinguished between global IFRS principles and jurisdiction-specific legal or institutional arrangements. The findings are presented narratively and in summary tables.

3.7 Ethical Considerations

The report relies on published documentary sources and does not involve human participants. Ethical practice therefore focused on accurate attribution, avoidance of plagiarism, faithful representation of source material and clear distinction between authoritative requirements and analytical interpretation. APA-style citations and references are used throughout.

3.8 Chapter Summary

This chapter described a qualitative documentary review based on purposively selected authoritative and academic materials. Thematic analysis was used to organise evidence according to the study objectives. Chapter Four presents the findings.

CHAPTER FOUR: PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the documentary review. Results are organised according to the four specific objectives and maintain Zambia as the principal country of reference.

4.2 Objective One: Importance and Significance of IFRS

Area	Finding	Practical significance
Comparability	A common reporting framework makes financial statements easier to compare across entities and borders.	Supports investment analysis and benchmarking.
Transparency	Recognition, measurement and disclosure requirements increase structured information about financial position and performance.	Supports informed economic decisions.
Accountability	General purpose financial reports help users assess management stewardship.	Strengthens corporate reporting discipline.
Capital markets	Common standards reduce accounting-language differences for international investors.	Facilitates cross-border interpretation of financial information.
Group reporting	Compatible principles simplify consolidation and internal comparison in multinational groups.	Reduces reconciliation complexity.
Professional practice	IFRS provides a shared technical reference for accountants, auditors and regulators.	Supports training, mobility and regulatory coordination.

The review shows that the significance of IFRS lies in both information quality and institutional coordination. IFRS cannot by itself guarantee honest reporting, effective enforcement or efficient markets, but it provides a common framework within which those functions can operate.

4.3 Objective Two: Scope and Application Across Jurisdictions

The review found that the technical reach of IFRS is extensive, but legal application varies by jurisdiction. The IFRS Foundation maintains jurisdiction profiles because countries differ in whether IFRS is required, permitted or incorporated through endorsement. Consequently, the phrase 'IFRS adoption' must be interpreted in relation to the class of entity and the national legal mechanism.

Dimension	Full IFRS	IFRS for SMEs	National/local framework
Primary users	Entities subject to full IFRS requirements, commonly including publicly accountable or listed entities.	Eligible entities without public accountability, as determined by jurisdictions.	Entities excluded from or not required to use international frameworks.
Complexity	Highest level of technical and disclosure requirements.	Simplified recognition, measurement and disclosure relative to full IFRS.	Varies by jurisdiction.
International comparability	Generally strongest where IASB-issued IFRS is applied without modification.	Provides an international SME framework.	Depends on degree of convergence.
Zambian relevance	Required for domestic public companies under the jurisdiction profile.	Adopted and permitted for eligible SMEs.	Micro and very small entities meeting applicable criteria use Zambia's national MSE standard.

For Zambia, the IFRS Foundation jurisdiction profile confirms that ZICA is the standard-setting body and that IFRS compliance became effective on 1 January 2005. IFRS Accounting Standards are required for domestic public companies. The IFRS for SMEs Standard has also been adopted without modification, while specified micro and very small entities use a national standard (IFRS Foundation, 2017).

4.4 Objective Three: Disadvantages and Implementation Challenges.

Challenge	Nature of the disadvantage	Possible effect in Zambia or similar environments
Technical complexity	Some standards require sophisticated accounting and valuation knowledge.	Greater training and specialist-support needs.
Compliance cost	Systems, data, audit and training changes can be expensive.	Disproportionate burden for resource-constrained entities.
Professional judgement	Principle-based requirements require estimates and interpretation.	Potential diversity in practice where experience differs.
Valuation constraints	Fair value and impairment models may need market data and specialists.	Greater estimation uncertainty where markets are less active.
Regulatory interaction	IFRS reporting may differ from tax or statutory requirements.	Need for reconciliations and parallel compliance processes.
Frequent amendments	New requirements require continuous learning and system updates.	Implementation pressure on preparers, auditors and educators.
Enforcement variation	Identical standards can produce different outcomes if monitoring differs.	Comparability depends partly on institutional capacity.

The disadvantages identified are mainly costs and implementation risks rather than arguments that international standards have no value. The same feature can create both benefit and burden. For example, professional judgement permits faithful representation of complex transactions but can create inconsistent outcomes when skills or assumptions differ.

4.5 Objective Four: Why Revision of IFRS is Important

Reason for revision	Explanation
Changing transactions	New financial products and business models can expose gaps in existing requirements.
Market developments	Economic conditions and market practices change after a Standard is issued.
Implementation experience	Actual application can reveal unintended consequences, excessive costs or unclear requirements.
Comparability problems	Different interpretations may create diversity in practice that requires clarification.
User information needs	Investors and other users may require improved presentation or disclosure.
Technology and data	Digital reporting and changing information systems can affect how financial information is produced and consumed.
Cost-benefit balance	Post-implementation evidence may show that benefits or costs differ from original expectations.

The 2026 Due Process Handbook gives post-implementation review a defined role in assessing whether new requirements are working as intended. It explicitly recognises that the IASB should consider market developments and unintended consequences. This confirms that revision is a quality-control mechanism within the standard-setting system rather than an exceptional event.

The review also found that the IASB's standard-setting process includes agenda consultation, research, exposure of proposals for public comment, redeliberation and final issuance. This process allows preparers, investors, auditors, regulators, national standard-setters and other stakeholders to contribute evidence before significant changes are finalised.

4.6 Zambia as the Country of Reference

Zambia illustrates both the advantages and responsibilities associated with international standard adoption. Because ZICA has adopted IFRS on an ongoing basis, Zambia benefits from alignment with internationally developed reporting requirements. Companies using IFRS can prepare statements using a framework recognised by international investors, auditors and multinational groups.

At the same time, ongoing adoption means that changes made by the IASB have practical consequences for Zambian preparers and professionals. New standards and amendments may require system changes, updated training, revised audit approaches and regulatory awareness. Zambian institutions therefore need mechanisms for technical communication, continuing professional development and early preparation for effective dates.

The Zambia case also demonstrates the importance of proportionality. A single reporting framework may be unnecessarily burdensome for the smallest entities. The coexistence of full IFRS, IFRS for SMEs and a national micro and small entity framework reflects an attempt to balance international comparability with cost and capacity considerations.

4.7 Chapter Summary

The findings show that IFRS is important for comparability, transparency, accountability and international financial communication. Its scope is broad, but legal application differs among jurisdictions. Zambia has adopted IFRS through ZICA and applies a differentiated reporting framework. The principal disadvantages concern complexity, cost, judgement, valuation, regulatory interaction and implementation capacity. Periodic revision is necessary to respond to changing markets, implementation evidence and user needs.

CHAPTER FIVE: DISCUSSION OF KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the principal findings in relation to the objectives and literature, presents conclusions and makes recommendations relevant to Zambia and the wider application of IFRS.

5.2 Discussion of Key Findings

5.2.1 Importance and Significance

The central finding is that IFRS is significant because it reduces accounting-language differences between jurisdictions. This supports comparability and can improve the usefulness of financial statements to investors and lenders. The benefit is particularly important where companies raise capital internationally or belong to multinational groups. However, comparability depends not only on having the same written standards but also on consistent interpretation, high-quality auditing and effective enforcement.

For Zambia, the international recognition of IFRS can support confidence in the financial statements of entities operating in capital markets or dealing with international stakeholders. This is especially relevant to a developing economy seeking investment and integration into regional and global markets.

5.2.2 Scope and Jurisdictional Differences

The findings demonstrate that IFRS has broad technical scope but variable legal scope. Jurisdictions decide which entities must use IFRS and how standards become legally effective. This means that international harmonisation is substantial but not absolute. Local company law, securities regulation, taxation and enforcement continue to matter.

Zambia's approach provides a clear example. ZICA has authority to set accounting standards, IFRS is required for domestic public companies, and a differentiated framework exists for smaller entities. Such proportionality is important because the information needs surrounding a publicly accountable entity are not identical to those surrounding a micro enterprise.

5.2.3 Disadvantages and Challenges

The disadvantages identified in the review are significant because they affect the cost and quality of implementation. Complexity may require specialists; fair value measurements may require data that are difficult to obtain; and new standards can require substantial system changes. These challenges may be more pronounced in environments where technical resources are limited.

Nevertheless, the existence of implementation costs does not necessarily justify abandoning

international standards. A more appropriate response is proportional application, capacity building, clear implementation guidance and strong professional education. This approach seeks to preserve comparability while reducing avoidable burden.

5.2.4 Importance of Revision

Revision is essential because accounting standards must remain connected to economic reality. Markets evolve, transactions become more complex and users identify weaknesses only after applying requirements in practice. The IFRS Foundation's post-implementation review process is particularly important because it creates a structured opportunity to assess whether a major new requirement is achieving its intended effects.

The 2026 Due Process Handbook emphasises transparency, consultation and accountability in standard-setting. These principles are important for legitimacy: IFRS affects companies and users in many jurisdictions, so revisions should be evidence-based and informed by stakeholders from different economic environments. Zambia and other African jurisdictions therefore benefit from active participation in consultations rather than functioning only as recipients of completed standards.

5.3 CONCLUSIONS

The report concludes that IFRS Accounting Standards are important to modern financial reporting because they provide a widely recognised framework for producing comparable and transparent general purpose financial statements. Their significance extends beyond accounting technique to investment analysis, corporate accountability, cross-border business and regulatory coordination.

The scope of IFRS is broad, but actual legal application differs among jurisdictions. Zambia adopted IFRS through ZICA, with compliance effective from 1 January 2005, and uses a differentiated framework that includes full IFRS, IFRS for SMEs and a national standard for qualifying micro and small entities. This structure demonstrates the need to balance international comparability with proportional reporting requirements.

IFRS also has disadvantages. Complexity, implementation cost, professional judgement, valuation uncertainty, differences in local legal environments and the burden of continuing amendments can create practical difficulties. These disadvantages require strong institutions and professional capacity rather than being ignored.

Finally, revision is necessary because financial reporting operates in a changing environment. Standards must be assessed after implementation, clarified where necessary and amended when evidence shows that improvements are needed. Effective revision should preserve stability

while ensuring that IFRS remains relevant, understandable and capable of representing emerging economic transactions.

5.4 Recommendations

Zambia Institute of Chartered Accountants (ZICA): ZICA should continue providing timely technical updates, implementation guidance and continuing professional development whenever major IFRS Standards or amendments are issued.

Universities and professional training institutions: Accounting and commerce programmes should integrate current IFRS developments, case-based application and professional judgement into teaching rather than relying only on static summaries of Standards.

Preparers of financial statements: Entities should conduct early impact assessments for new Standards and amendments, identify data and system changes before effective dates, and document significant accounting judgements.

Auditors and regulators: Audit and regulatory institutions should promote consistent application through risk-based review, technical dialogue and attention to disclosures involving significant estimates and judgements.

SMEs: Eligible SMEs should use the reporting framework appropriate to their public accountability, size and regulatory classification instead of adopting unnecessarily complex requirements without a clear need.

Zambian stakeholders in international standard-setting: Professional bodies, firms, academics, preparers and investors should participate in IASB consultations so that implementation realities from Zambia and similar economies are reflected in global deliberations.

Future researchers: Further research should examine the actual cost of IFRS implementation in Zambia, the quality of compliance among different entity categories, and the effects of major new Standards on local reporting practice.

5.5 Study Limitations

This report is based on documentary analysis and does not include interviews, surveys or direct observation of Zambian entities. It therefore explains institutional arrangements and analytical issues but does not measure the actual level of IFRS compliance or implementation cost in individual organisations. Jurisdictional comparison is selective rather than exhaustive. In addition, accounting standards and due-process requirements continue to evolve; users should consult the latest authoritative publications when applying a specific requirement.

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