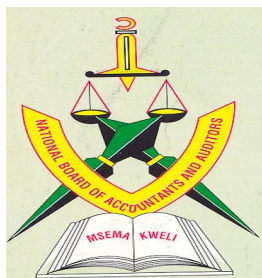


(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA



TECHNICAL PRONOUNCEMENT NO. 3 OF 2009

SCOPE OF THE APPLICABILITY OF IFRS s, IPSASs AND IFRS FOR SMEs IN TANZANIA

Tanzania migrated to IFRSs, IPSASs and ISAs with effect from 1st July, 2004 and therefore, every entity in the country, whether small or large, was required to prepare its financial statements in accordance with the IFRSs or IPSASs as the case may be.

Following the issuance of the International Financial Reporting Standard (IFRS) for Small and Medium Sized Entities (SMEs) by the International Accounting Standards Board (IASB) on 9th July, 2009, some entities in Tanzania are permitted to use the IFRS for SMEs issued by IASB. The Board would like to clarify on the scope of the applicability of those standards in the country as follows:

| S/N | TYPE OF STANDARD | CATEGORY OF ENTITIES |
|-----|------------------|---|
| 1. | Full IFRSs | <p>Publicly accountable entities or entities that represent public interest such as entities that take deposits or loans from the public; offer shares to the public; have essential public responsibility or privilege essential public service or entities that hold assets in a fiduciary capacity for a broad group of outsiders. Example of entities that should use full IFRSs include but not limited to:</p> <ol style="list-style-type: none"> (1) Listed Companies, (2) Banks and Financial Institutions, (3) Insurance Companies, (4) Pension Funds (5) Utility Companies, (6) Government Agencies, (7) Mutual Funds, (8) SACCOs, (9) Cooperative Societies, (10) Securities brokers/dealers, (11) All Entities which receive subvention from the Government, except those which are required to use IPSASs. (12) All entities including Government Business Entities (GBEs) with 100 or more employees***, |

| | | |
|----|---------------|--|
| | | (13) All entities including GBEs with capital investment in non-current assets of above TShs.800,000,000***. |
| 2. | IPSASs | Public sector entities including ministries, regional governments, government departments, local government provided that they are not Government Business Entities (GBEs) Entities using Accrual based IPSASs are encouraged to use full IFRSs |
| 3. | IFRS for SMEs | (1) Entities that are not publicly accountable or representing public interest, (2) Entities including GBEs with less than 100 employees provided that they are not in categories 1 and 2 above, (3) Entities including GBEs with capital investment in non-current assets of less than TShs.800,000,000 provided that they are not in categories 1 and 2 above. |

NB: Entities in categories 2 and 3 are free to use full IFRS provided that they fully comply with it.

***A Government Business Entity (GBE) is defined as an entity that has **ALL** of the following characteristics:

- (a) Is an entity with the power to contract in its own name,
- (b) Has been assigned the financial and operational authority to carry on a business,
- (c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery,
- (d) Is not reliant on continuing government funding to be a going concern (other than purchases of output at arm's length), and
- (e) Is controlled by a public sector entity.

This Pronouncement was approved by the NBAA Governing Board during its 146th Ordinary meeting held on 15th October 2009.

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