



Exposure Draft (ED)93: Definition of Material (Amendments to IPSAS  
1, IPSAS 3, and the Conceptual Framework)

## **Response from the Public Accountants and Auditors Board (PAAB), Zimbabwe**

23 JULY 2025

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Further information about PAAB can be obtained at [www.paab.org.zw](http://www.paab.org.zw)

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23 July 2025

**PAAB ZIMBABWE COMMENT LETTER TO THE IPSASB Exposure Draft (ED)93: Definition of Material  
(Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)**

Dear Chairman,

We are writing on behalf of the Public Accountants and Auditors Board Zimbabwe to comment on the IPSASB's exposure draft: Definition of Material. The PAAB is pleased to present its comments on this Exposure Draft.

**General Comment on the Consultation paper**

The We commend the IPSASB for its efforts to improve consistency and clarity across the IPSASs by aligning key terminology particularly the definition of materiality and reinforcing the focus on primary users and the discharge of accountability. The proposed changes reflect a thoughtful convergence with international best practices and the IASB's standards. Overall, the amendments are timely and constructive, and we believe they will strengthen the quality, comparability, and usefulness of public sector financial reports.

The PAAB followed a due process in coming up with this comment letter. Under the due process the PAAB technical staff conducted research, consulted key stakeholders, and drafted this comment letter.

**Response to Specific Matters for Comment**

Detailed comments on the Specific Matters for Comment are provided in the attached Annex.

Donald Manganje  
Acting Secretary, PAAB

Fungai M. Charumbira  
Head of Education, PAAB

## ANNEX 1

### Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)

#### Amendment Part 1: Amendments to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities

##### Paragraphs 2.4 (footnote addition):

The PAAB agrees with the IPSASB's proposal to add the footnote, as this addition provides clarity regarding the terms 'primary users' and 'users' of GPFRs. Terms such as 'service recipients,' 'resource providers,' and their representatives provides valuable clarity regarding the terms 'primary users' and 'users' of General-Purpose Financial Reports (GPFRs). The inclusion of examples such as 'service recipients,' 'resource providers,' and their representatives helps to identify the intended audience of GPFRs in the public sector context. This is especially useful given the broad range of stakeholders in the public sector and the varying informational needs they may have. The clarification enhances understandability and ensures that preparers, auditors, and users of the Conceptual Framework consistently interpret these terms.

##### Paragraph 3.32 amendment:

The PAAB agrees with the proposed amendment to insert the term 'primary' before 'users,' as aligning the wording with the term 'primary users' used in the Conceptual Framework enhances consistency and supports a more accurate interpretation. This clarification reinforces that decisions regarding materiality are intended to address the information needs of primary users, rather than those of other users of GPFRs.

This amendment enhances consistency within the Conceptual Framework by aligning the terminology used throughout the document. The term 'primary users' is a foundational concept in the framework, and consistently using this precise terminology helps avoid ambiguity. It ensures that references to the intended audience of GPFRs are interpreted accurately and in line with the broader objectives of public sector financial reporting.

## **Amendment Part 2: Amendments to IPSAS 1, Presentation of Financial Statements**

For lessors, the IPSAS decided to propose a

### **Paragraph 7 amendment:**

The PAAB supports the proposed amendment, as aligning the definition of materiality in IPSAS 1 with that in the Conceptual Framework will promote consistent application of the term. Furthermore, this alignment reflects convergence with the IASB's definition of materiality in IAS 1 and IAS 8, thereby enhancing comparability of information across both public and private sector entities, as the concept of materiality is interpreted consistently across sectors. Given the growing focus on accountability and transparency in both domains, a shared interpretation of materiality enhances the usefulness of financial reporting.

### **Paragraph 12A addition:**

The PAAB supports the addition of paragraph 12A, as it offers practical examples that aid in applying the concept of materiality. By illustrating circumstances under which material information may be obscured, the paragraph helps primary users better understand the intended meaning of 'obscured information' such as through overly aggregated disclosures or excessive immaterial details, the amendment improves both the relevance and understandability of GPFRs for primary users.

### **Paragraph 13 amendment:**

The PAAB agrees with the amendment to paragraph 13, as it emphasizes the importance of considering not only the characteristics of primary users but also the entity's specific circumstances when assessing whether information could influence the decisions of primary users of the GPFRs. The emphasis on considering both the characteristics of the primary users and the entity's specific circumstances reflects the contextual nature of materiality. It encourages preparers to exercise professional judgement in determining what information could influence user decisions, thereby enhancing the relevance of financial reporting.

### **Paragraph 13A addition:**

The PAAB does not support the proposal to add paragraph 13A, as the proposed paragraph 13A largely duplicates the content of the existing paragraph 13. We therefore recommend that instead of introducing a new paragraph, we recommend incorporating the additional points into the revised paragraph 13. Avoiding unnecessary information maintains the clarity and coherence of the standard and facilitates its consistent application in practice whilst adding unnecessary paragraphs

may lead to fragmentation and complexity, which could hinder the consistent and effective application of the standard.

**Paragraph 153R addition:**

The PAAB agrees with the addition of the Effective date and Transition paragraph.

**Amendment Part 3: Amendments to IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors**

**Paragraph 7 Amendment:**

The PAAB agrees with the IPSASB's proposal to amend Paragraph 7 of IPSAS 3 to align the definition of the term 'material' with that provided in IPSAS 1, as this promotes consistency in the application of the concept across all the standards. Such alignment enhances clarity, eliminates duplication and reduces the risk of misinterpretation.

**Paragraph 8 Amendment:**

The PAAB supports the IPSASB's proposal to delete paragraph 8, which contains the description of materiality from IPSAS 3, and to instead cross-reference the definition of 'material' and clarification guidance the provided in IPSAS 1. This approach promotes consistency in the use of terminology across the standards and eliminates duplication and ensures that preparers and users of GPFRs are guided by a single, authoritative source when interpreting materiality.

**Paragraph 591 Addition:**

The PAAB agrees with the addition of the Effective date paragraph.

**Amendment Part 4: AMENDMENTS TO OTHER IPSAS STANDARDS**

**4(a) Amendments to IPSAS 14, Events after the Reporting Date**

**Paragraph 5 amendment:**

The PAAB agrees with the IPSASB's proposal to amend Paragraph 5 of IPSAS 14 to align the definition of the term 'material' with that provided in IPSAS 1, as this promotes consistency in the

application of the concept across all the standards. Such alignment enhances clarity, eliminates duplication, reduces the risk of misinterpretation and enhances user confidence in the reliability of financial statements.

**Paragraph 30 amendment:**

The PAAB supports the IPSASB's proposed amendments, as they place greater emphasis on the discharge of accountability by the entity and explicitly identify the primary users of general-purpose financial statements, rather than referring more broadly to general users of financial statements as in the current paragraph. The revised wording better reflects the objectives of public sector reporting. Referring explicitly to primary users provides clarity and ensures that preparers maintain a focus on the most relevant stakeholders.

**Paragraph 32H addition:**

The PAAB agrees with the addition of the Effective date paragraph.

**4(B) Amendments to IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets**

**Paragraph 18 amendment:**

The PAAB agrees with the IPSASB's proposal to amend Paragraph 18 of IPSAS 19 to align the definition of the term 'material' with that provided in IPSAS 1, as this promotes consistency in the application of the concept across all the standards. Consistency in the definition of materiality across IPSAS standards ensures clarity in interpretation and avoids confusion for preparers and auditors. Aligning IPSAS 19 with IPSAS 1 fosters a more cohesive and transparent standard-setting framework.

**Paragraph 87 amendment:**

The PAAB supports the IPSASB's proposed amendments. Emphasizing the discharge of accountability and referencing primary users aligns well with the overall objectives of public sector financial reporting. This improves the standard's alignment with the Conceptual Framework and ensures that the communication focus remains on those most affected by financial decisions.

**Paragraph 111Q addition:**

The PAAB agrees with the addition of the Effective date paragraph.

#### **4© Amendments to IPSAS 42, Social Benefits**

##### **Paragraph IG5 amendment:**

The PAAB supports the IPSASB's proposal to cross reference the discussion of materiality in IPSAS 1 and cancel out the IPSAS 3 reference, as this enhances clarity and reduces the risk of misinterpretation. Referring to IPSAS 1 when considering the discussion of materiality provides a more updated and consistent basis for assessing liabilities at the reporting date. IPSAS 1 offers a comprehensive and current conceptualisation of materiality, which is more appropriate for application in this context than the legacy guidance in IPSAS 3.

#### **4(d) Amendments to IPSAS 45, Property, Plant, and Equipment**

##### **Paragraph IG2(a) and (c) amendment:**

The PAAB supports the IPSASB's proposal to add the term 'primary' before 'users,' as this alignment with the terminology 'primary users' used in IPSAS 1 promotes consistency and provides a clear interpretation of the term." Such consistency is essential for ensuring clear interpretation and effective communication in financial reporting.

#### **General Comment on the whole exposure draft**

We commend the IPSASB for its efforts to improve consistency and clarity across the IPSAS by aligning key terminology particularly the definition of materiality and reinforcing the focus on primary users and the discharge of accountability. The proposed changes reflect a thoughtful convergence with international best practices and the IASB's standards.

Overall, the amendments are timely and constructive, and we believe they will strengthen the quality, comparability, and usefulness of public sector financial reports.