

2017

IFRS® Foundation

Pocket Guide to IFRS® Standards:  
the global financial reporting language

Paul Pacter





*If we really believe in open international markets and the benefits of global finance, then it can't make sense to have different accounting rules and practices for companies and investors operating across national borders. That is why we need global standards.*

*Ultimately this will get done.*

**Paul A Volcker**

Chairman of the US Federal Reserve (1979–1987)

Chairman of the IFRS Foundation Trustees (2000–2005)

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# Pocket Guide to IFRS® Standards—the global financial reporting language

2017

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United Kingdom

# IFRS Standards by numbers

**93%** (140/150 jurisdictions) have made a public commitment to IFRS Standards as the single set of global accounting standards.

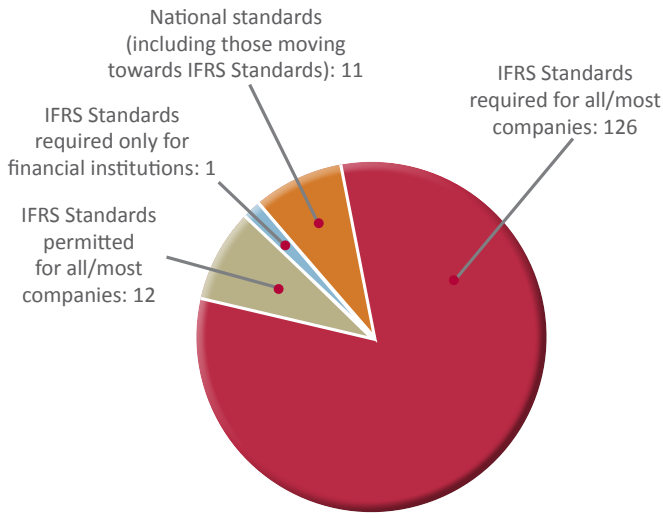
**84%** (126/150 jurisdictions) already require the use of IFRS Standards by all or most domestic public companies, with most of the remaining jurisdictions permitting their use.

**27,000** of the 49,000 companies listed on the 88 largest securities exchanges in the world use IFRS Standards. 90% of the companies that don't use IFRS Standards are in China, India, Japan and the United States.

**\$27 trillion non-EU** While the European Union remains the single biggest jurisdiction using IFRS Standards, the combined GDP of jurisdictions outside the EU using IFRS Standards (\$27 trillion) is now greater than that of the EU itself (\$19 trillion).

**57%** In less than eight years since its publication, the *IFRS for SMEs* Standard is required or permitted in 57 per cent, or 85 of 150 profiled jurisdictions while a further 11 jurisdictions are considering doing so.

## Of 150 jurisdictions profiled, most require IFRS Standards for domestic reporting by listed companies and financial institutions



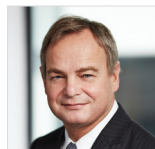
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# Use of IFRS Standards—the big picture from 150 profiles

| Region             | Number of jurisdictions profiled |                                                                                    |                                                                       |                                                                                                                      |                                                                                               |
|--------------------|----------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
|                    | in the region                    | that require IFRS Standards for all or most domestic publicly accountable entities | that require IFRS Standards as % of total jurisdictions in the region | that permit or require IFRS Standards for at least some (but not all or most) domestic publicly accountable entities | that neither require nor permit IFRS Standards for any domestic publicly accountable entities |
| Europe             | 44                               | 43                                                                                 | 98%                                                                   | 1                                                                                                                    | 0                                                                                             |
| Africa             | 23                               | 19                                                                                 | 83%                                                                   | 1                                                                                                                    | 3                                                                                             |
| Middle East        | 13                               | 13                                                                                 | 100%                                                                  | 0                                                                                                                    | 0                                                                                             |
| Asia-Oceania       | 33                               | 24                                                                                 | 73%                                                                   | 3                                                                                                                    | 6                                                                                             |
| Americas           | 37                               | 27                                                                                 | 73%                                                                   | 8                                                                                                                    | 2                                                                                             |
| <b>Totals</b>      | <b>150</b>                       | <b>126</b>                                                                         | <b>84%</b>                                                            | <b>13</b>                                                                                                            | <b>11</b>                                                                                     |
| <b>As % of 150</b> | <b>100%</b>                      | <b>84%</b>                                                                         |                                                                       | <b>9%</b>                                                                                                            | <b>7%</b>                                                                                     |

# Foreword



This past year has seen continued progress in both the improvement of IFRS Standards and global adoption of those Standards.

We issued a major new Standard on accounting for leases. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

During 2016, also, we made targeted improvements to a number of IFRS Standards, including those on investment property, separate company financial statements, first-time adoption, and disclosure of interests in other entities. Furthermore, Board completed its deliberations on a new comprehensive Standard on insurance contracts, which we expect to issue in the first half of 2017.

Our research continues to report a growing number of jurisdictions requiring the use of IFRS Standards. Of 150 jurisdictions studied 126 (84 per cent) require IFRS Standards for all or most domestic listed companies and financial institutions. Another 13 jurisdictions (9 per cent) permit or require the use of IFRS Standards for at least some of those entities.

During the past year, we posted profiles on the use of IFRS Standards in ten additional jurisdictions—The Gambia, Iran, Kazakhstan, Kuwait, Liberia, Malawi, Montenegro, Namibia, Qatar and Timor-Leste. All but Timor-Leste require IFRS Standards for domestic publicly accountable entities. Timor-Leste permits their use.

We were pleased that, following a comprehensive research effort, Saudi Arabia decided to require IFRS Standards, starting in 2017 for all listed companies and in 2018 for all other publicly accountable entities. Until now, IFRS Standards were required only for financial institutions.

Finally, in 2016 we undertook a study to determine the number of listed companies that use IFRS Standards. We found that more than 27,000 of approximately 49,000 domestic companies listed on the 88 largest securities exchanges in the world use IFRS Standards.

It is fair to say that considering IFRS Standards to be the global framework for financial reporting is more than a vision. It is a reality today. Moreover, the quality of those Standards has been validated by a decade of use by markets in both advanced and developing economies, and by national and regional studies including those conducted recently in the European Union, Canada, Korea and Australia. I look forward to reporting even more progress in next year's Pocket Guide.

**Hans Hoogervorst**

**Chairman, International Accounting Standards Board**

**April 2017**

# Purpose of this guide

This guide is primarily an overview of the extent of adoption of IFRS Standards in 150 countries and other jurisdictions around the world. Together they represent around 98 per cent of the world's gross domestic product (GDP).

The guide includes summaries of the use of IFRS Standards in those 150 jurisdictions. The summaries provide a comprehensive picture of exactly where and how IFRS Standards are used globally. Detailed information underlying the summaries may be found on the IFRS Foundation's website: [www.ifrs.org](http://www.ifrs.org).

One overarching conclusion is evident from a review of the summaries and the underlying detailed information—the vision of a single set of global accounting standards first set out by the leaders of key accounting organisations around the world over 40 years ago is today a reality.

To provide a perspective on the use of IFRS Standards, this guide summarises:

- what IFRS Standards are;
- why countries and other jurisdictions, and companies in them, would want to adopt IFRS Standards—that is, the perceived benefits;
- the history of the development of IFRS Standards;
- how IFRS Standards are developed;
- for 150 countries and other jurisdictions, information about:
  - the accounting standards required for publicly accountable entities (listed companies and financial institutions);
  - the accounting standards required for small and medium-sized entities (SMEs); and
  - how IFRS Standards are endorsed or otherwise authorised for use;
- links to resources; and
- requirements of current IFRS Standards.

The purpose of these profiles is to illustrate the extent of implementation of IFRS Standards around the globe only. The profiles do not reflect the intellectual property licensing status of IFRS Standards within any given jurisdiction. The IFRS Standards are protected by copyright and are subject to different licensing arrangements according to jurisdiction.

For further information, please contact [licences@ifrs.org](mailto:licences@ifrs.org).

# The vision

## **The International Accounting Standards Board (the Board)**

IFRS Standards are developed by the Board, which is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation.

The Board was formed in 2001 as the successor organisation to the International Accounting Standards Committee, which had been setting International Accounting Standards (IAS Standards) since 1973. Both bodies have been London-based since their inception, but they have a global mission.

The Board is committed to developing, in the public interest, a single set of high-quality global accounting standards that provide investors, lenders and others with relevant, transparent and comparable information in general-purpose financial statements.

## **The vision in 2000—a single set of global accounting standards**

The founders of the Board set out the fundamental objective of the Board and the Foundation under which it operates in a *Constitution* adopted in early 2000:

To develop, in the public interest, a single set of high-quality, understandable and enforceable global accounting standards that require high-quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions.

That vision has been publicly supported by many international organisations, including the G20, the World Bank, the International Monetary Fund (IMF), the Basel Committee, International Organization of Securities Commissions, the International Federation of Accountants (IFAC), and the European Parliament and the Council of the European Union.

That vision is consistent with the objective of the Board's predecessor standard-setting body, IASC, which developed IAS Standards from 1973 to 2000.

## **The vision has not changed since 2000**

In February 2012, the Trustees of the IFRS Foundation completed a Strategy Review and published their report.<sup>1</sup> They reaffirmed their commitment to achieving the vision of global accounting standards. The Trustees' report on their review said that they remain committed to the belief that a single set of IFRS Standards is in the best interests of the global economy, and that any divergence from a single set of standards, once transition to IFRS Standards is complete, can undermine confidence in financial reporting.

---

<sup>1</sup> Trustees of the IFRS Foundation. *Report of the Trustees' Strategy Review 2011—IFRSs as the Global Standards: Setting a Strategy for the Foundation's Second Decade*. February 2012.

# The vision continued...

## **Convergence is not a substitute for adoption**

The Trustees' 2012 report makes clear that developing national accounting standards 'based on' or 'consistent in all material respects with' IFRS Standards may be a stepping stone on the path towards adoption, but it is not a substitute for adoption:

Convergence may be an appropriate short-term strategy for a particular jurisdiction and may facilitate adoption over a transitional period. Convergence, however, is not a substitute for adoption. Adoption mechanisms may differ among countries and may require an appropriate period of time to implement but, whatever the mechanism, it should enable and require relevant entities to state that their financial statements are in full compliance with IFRSs as issued by the IASB.

## **Different pathways towards adoption**

At the same time, the Trustees recognised that the adoption of IFRS Standards is a voluntary public-interest decision by the legislative and regulatory authorities in individual jurisdictions. Neither the IFRS Foundation nor the Board has the authority to mandate or supervise adoption. Countries need to establish their own mechanisms for bringing IFRS Standards formally into national law and for ensuring consistent and rigorous application. Regardless of the mechanics of IFRS adoption, the end result should be the same—full adoption of IFRS Standards as issued by the Board.

# What are IFRS Standards?

IFRS Standards constitute a globally recognised set of standards for the preparation of financial statements by business entities. IFRS Standards prescribe:

- the items that should be recognised as assets, liabilities, income and expenses;
- how to measure those items;
- how to present them in a set of financial statements; and
- related disclosures about those items.

# Standards as of April 2017

**Year of original  
issue or major  
amendment**

|                                                         |      |
|---------------------------------------------------------|------|
| <i>The Conceptual Framework for Financial Reporting</i> | 2010 |
|---------------------------------------------------------|------|

## IFRS Standards

|         |                                                                            |      |
|---------|----------------------------------------------------------------------------|------|
| IFRS 1  | <i>First-time Adoption of International Financial Reporting Standards</i>  | 2003 |
| IFRS 2  | <i>Share-based Payment</i>                                                 | 2004 |
| IFRS 3  | <i>Business Combinations</i>                                               | 2004 |
| IFRS 4  | <i>Insurance Contracts*</i>                                                | 2004 |
| IFRS 5  | <i>Non-current Assets Held for Sale and Discontinued Operations</i>        | 2004 |
| IFRS 6  | <i>Exploration for and Evaluation of Mineral Resources</i>                 | 2006 |
| IFRS 7  | <i>Financial Instruments: Disclosures</i>                                  | 2005 |
| IFRS 8  | <i>Operating Segments</i>                                                  | 2006 |
| IFRS 9  | <i>Financial Instruments</i>                                               | 2014 |
| IFRS 10 | <i>Consolidated Financial Statements</i>                                   | 2011 |
| IFRS 11 | <i>Joint Arrangements</i>                                                  | 2011 |
| IFRS 12 | <i>Disclosure of Interests in Other Entities</i>                           | 2011 |
| IFRS 13 | <i>Fair Value Measurement</i>                                              | 2011 |
| IFRS 14 | <i>Regulatory Deferral Accounts</i>                                        | 2014 |
| IFRS 15 | <i>Revenue from Contracts with Customers</i>                               | 2014 |
| IFRS 16 | <i>Leases</i>                                                              | 2016 |
| IFRS 17 | <i>Insurance Contracts</i><br>(to be issued in the second quarter of 2017) | 2017 |

## International Accounting Standards (IAS)

|        |                                                                                 |      |
|--------|---------------------------------------------------------------------------------|------|
| IAS 1  | <i>Presentation of Financial Statements</i>                                     | 2003 |
| IAS 2  | <i>Inventories</i>                                                              | 2003 |
| IAS 7  | <i>Statement of Cash Flows</i>                                                  | 1992 |
| IAS 8  | <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>          | 2003 |
| IAS 10 | <i>Events after the Reporting Period</i>                                        | 2003 |
| IAS 11 | <i>Construction Contracts**</i>                                                 | 1993 |
| IAS 12 | <i>Income Taxes</i>                                                             | 1996 |
| IAS 16 | <i>Property, Plant and Equipment</i>                                            | 2003 |
| IAS 17 | <i>Leases***</i>                                                                | 2003 |
| IAS 18 | <i>Revenue**</i>                                                                | 1993 |
| IAS 19 | <i>Employee Benefits</i>                                                        | 2004 |
| IAS 20 | <i>Accounting for Government Grants and Disclosure of Government Assistance</i> | 2008 |

# Standards as of April 2017 continued...

|        |                                                                     | Year of original<br>issue or major<br>amendment |
|--------|---------------------------------------------------------------------|-------------------------------------------------|
| IAS 21 | <i>The Effects of Changes in Foreign Exchange Rates</i>             | 2003                                            |
| IAS 23 | <i>Borrowing Costs</i>                                              | 2007                                            |
| IAS 24 | <i>Related Party Disclosures</i>                                    | 2003                                            |
| IAS 26 | <i>Accounting and Reporting by Retirement<br/>Benefit Plans</i>     | 1987                                            |
| IAS 27 | <i>Separate Financial Statements</i>                                | 2003                                            |
| IAS 28 | <i>Investments in Associates and Joint Ventures</i>                 | 2011                                            |
| IAS 29 | <i>Financial Reporting in Hyperinflationary<br/>Economies</i>       | 2008                                            |
| IAS 32 | <i>Financial Instruments: Presentation</i>                          | 2003                                            |
| IAS 33 | <i>Earnings per Share</i>                                           | 2003                                            |
| IAS 34 | <i>Interim Financial Reporting</i>                                  | 1998                                            |
| IAS 36 | <i>Impairment of Assets</i>                                         | 2004                                            |
| IAS 37 | <i>Provisions, Contingent Liabilities and Contingent<br/>Assets</i> | 1998                                            |
| IAS 38 | <i>Intangible Assets</i>                                            | 2004                                            |
| IAS 39 | <i>Financial Instruments: Recognition and<br/>Measurement****</i>   | 2003                                            |
| IAS 40 | <i>Investment Property</i>                                          | 2003                                            |
| IAS 41 | <i>Agriculture</i>                                                  | 2008                                            |

## IFRIC Interpretations

|         |                                                                                                                      |      |
|---------|----------------------------------------------------------------------------------------------------------------------|------|
| IFRIC 1 | <i>Changes in Existing Decommissioning,<br/>Restoration and Similar Liabilities</i>                                  | 2004 |
| IFRIC 2 | <i>Members' Shares in Cooperative Entities and<br/>Similar Instruments</i>                                           | 2004 |
| IFRIC 4 | <i>Determining whether an Arrangement contains<br/>a Lease***</i>                                                    | 2004 |
| IFRIC 5 | <i>Rights to Interests arising from<br/>Decommissioning, Restoration and<br/>Environmental Rehabilitation Funds</i>  | 2004 |
| IFRIC 6 | <i>Liabilities arising from Participating in a<br/>Specific Market—Waste Electrical and Electronic<br/>Equipment</i> | 2005 |
| IFRIC 7 | <i>Applying the Restatement Approach under<br/>IAS 29 Financial Reporting in Hyperinflationary<br/>Economies</i>     | 2005 |

|          |                                                                                                                | Year of original<br>issue or major<br>amendment |
|----------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| IFRIC 10 | <i>Interim Financial Reporting and Impairment</i>                                                              | 2006                                            |
| IFRIC 12 | <i>Service Concession Arrangements</i>                                                                         | 2006                                            |
| IFRIC 13 | <i>Customer Loyalty Programmes**</i>                                                                           | 2007                                            |
| IFRIC 14 | <i>IAS 19—The Limit on a Defined Benefit Asset,<br/>Minimum Funding Requirements and their<br/>Interaction</i> | 2007                                            |
| IFRIC 15 | <i>Agreements for the Construction of Real Estate**</i>                                                        | 2008                                            |
| IFRIC 16 | <i>Hedges of a Net Investment in a Foreign<br/>Operation</i>                                                   | 2008                                            |
| IFRIC 17 | <i>Distributions of Non-cash Assets to Owners</i>                                                              | 2008                                            |
| IFRIC 18 | <i>Transfers of Assets from Customers**</i>                                                                    | 2009                                            |
| IFRIC 19 | <i>Extinguishing Financial Liabilities with Equity<br/>Instruments</i>                                         | 2009                                            |
| IFRIC 20 | <i>Stripping Costs in the Production Phase of a<br/>Surface Mine</i>                                           | 2011                                            |
| IFRIC 21 | <i>Levies</i>                                                                                                  | 2013                                            |
| SIC-7    | <i>Introduction of the Euro</i>                                                                                | 1998                                            |
| SIC-10   | <i>Government Assistance—No Specific Relation to<br/>Operating Activities</i>                                  | 1998                                            |
| SIC-15   | <i>Operating Leases—Incentives***</i>                                                                          | 1999                                            |
| SIC-25   | <i>Income Taxes—Changes in the Tax Status of an<br/>Entity or its Shareholders</i>                             | 2000                                            |
| SIC-27   | <i>Evaluating the Substance of Transactions<br/>Involving the Legal Form of a Lease***</i>                     | 2000                                            |
| SIC-29   | <i>Service Concession Arrangements: Disclosures</i>                                                            | 2001                                            |
| SIC-31   | <i>Revenue—Barter Transactions Involving<br/>Advertising Services**</i>                                        | 2001                                            |
| SIC-32   | <i>Intangible Assets—Web Site Costs</i>                                                                        | 2001                                            |

### IFRS for SMEs

|                                                                 |      |
|-----------------------------------------------------------------|------|
| The IFRS for Small and Medium-sized Entities<br>(IFRS for SMEs) | 2015 |
|-----------------------------------------------------------------|------|

\* Superseded by IFRS 17.

\*\* Superseded by IFRS 15.

\*\*\* Superseded by IFRS 16.

\*\*\*\* Superseded by IFRS 9.

# Mission of the IFRS Foundation and the International Financial Reporting Standards Board

Our mission is to develop IFRS Standards that bring **transparency**, **accountability** and **efficiency** to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.

- IFRS Standards bring **transparency** by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.
- IFRS Standards strengthen **accountability** by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. IFRS Standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world.
- IFRS Standards contribute to economic **efficiency** by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.

We are a **not-for-profit**, **public-interest** organisation with oversight by a Monitoring Board of public authorities. Our governance and due process are designed to keep our standard-setting independent from special interests while ensuring accountability to our stakeholders around the world.

# How IFRS Standards are developed

IFRS Standards are developed by the Board, which:

- is an independent standard-setting board, overseen by a geographically and professionally diverse body of Trustees of the Foundation, which is publicly accountable to a Monitoring Board of public capital market authorities.
- has (at 1 April 2017) 13 full-time members drawn from 12 countries and a variety of professional backgrounds. The members are appointed by, and accountable to, the Trustees of the Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.
- has a staff of approximately 150 people from 30 countries and is based in London, United Kingdom, with a small Asia-Oceania coordination office located in Tokyo, Japan.
- is supported by the external IFRS Advisory Council, the Accounting Standards Advisory Forum (the ASAF), composed of national standard-setters, and the IFRS Interpretations Committee (the Interpretations Committee) to offer guidance when divergence in practice occurs.
- follows a thorough, open, participatory and transparent due process.
- engages with investors, regulators, business leaders and the global accountancy profession at every stage of the process. The due process includes:
  - opportunities for public comment at various stages in the development of a Standard;
  - Board deliberations at meetings that are open to public observation and are webcast; and
  - public availability of all of the agenda papers that form the basis for the Board's deliberations, as well as all of the comments received from interested parties.
- collaborates with the worldwide standard-setting community.

# IFRS Foundation history

|      | Evolution of the Foundation                                                                                                                                                                                               | Progress towards global accounting standards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2016 | <p>Trustees complete strategy review, leading to increased focus on implementation support and digital reporting and reduction in Board from 16 to 14 members.</p> <p>Hans Hoogervorst reappointed as Board Chairman.</p> | <p>Central theme for Board activities until 2021 will be Better Communication in Financial Statements.</p> <p>Board completes deliberations on new insurance contracts Standard.</p> <p>New leases Standard is issued.</p>                                                                                                                                                                                                                                                                                                                                                            |
| 2015 | <p>Foundation and Board publish new Mission Statement.</p> <p>Foundation Trustees launch review of structure and effectiveness of IFRS Foundation.</p>                                                                    | <p>Board completes deliberations on new leases Standard.</p> <p>Board proposes revised Conceptual Framework for Financial Reporting.</p> <p>Board completes comprehensive review of <i>IFRS for SMEs</i> Standard.</p> <p>Board begins 2015 triennial agenda consultation process.</p> <p>New or expanded use of IFRS Standards and <i>IFRS for SMEs</i> Standard in Angola, Colombia, Hungary, Japan, Pakistan, Thailand, Ukraine, United Arab Emirates, and Uruguay.</p> <p>European Commission publishes a favourable evaluation of 10 years' use of IFRS Standards in Europe.</p> |

|      | Evolution of the Foundation                                                                                                                                                                                                                                                                                            | Progress towards global accounting standards                                                                                                                                |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2014 | <p>IFRS Foundation publishes <i>IFRS as Global Standards—a Pocket Guide</i>.</p> <p>Foundation and European Securities and Markets Authority sign joint Statement of Protocols.</p> <p>Board launches Investors in Financial Reporting programme with support from leading members of global investment community.</p> | <p>Board completes reform of financial instruments accounting.</p> <p>Board and Financial Accounting Standards Board issue a converged Standard on revenue recognition.</p> |
| 2013 | <p>Trustees conclude major revisions to Due Process Handbook.</p> <p>Foundation and IOSCO protocols on IFRS Standards.</p> <p>Trustees establish Accounting Standards Advisory Forum. Inaugural meeting held.</p>                                                                                                      | <p>Foundation publishes jurisdictional profiles to chart progress towards global accounting standards.</p>                                                                  |
| 2012 | <p>Foundation Asia-Oceania office opens.</p> <p>Board completes its first triennial agenda consultation.</p> <p>Monitoring Board and Trustees jointly publish conclusions of governance and strategy reviews.</p>                                                                                                      | <p>Argentina, Mexico and Russia all commence use of IFRS Standards.</p>                                                                                                     |
| 2011 | <p>Trustees establish IASB Emerging Economies Group.</p>                                                                                                                                                                                                                                                               | <p>Canada commences use of IFRS Standards.</p>                                                                                                                              |

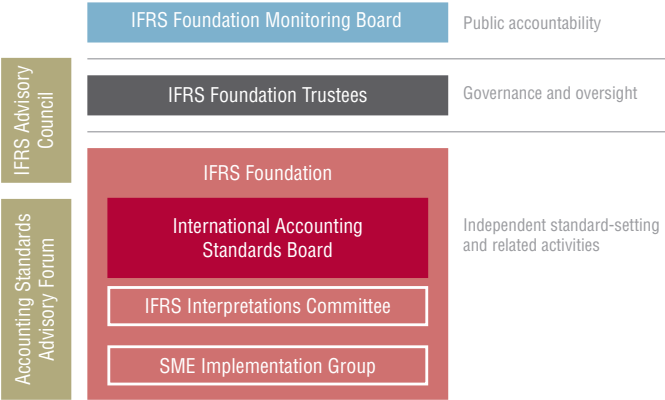
# IFRS Foundation history

continued...

|      | Evolution of the Foundation                                                                                                                                                                                                                                                                 | Progress towards global accounting standards                                                                                                                                                                                                                                  |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | Hans Hoogervorst appointed Chairman of Board, Ian Mackintosh Vice-Chairman.                                                                                                                                                                                                                 | Nearly 80 jurisdictions have adopted the <i>IFRS for SMEs</i> Standard, or announced plans to do so.                                                                                                                                                                          |
| 2010 | Trustees begin a review of the strategy in parallel with Monitoring Board governance review.<br><br>Board launches dedicated Investor Liaison programme.                                                                                                                                    |                                                                                                                                                                                                                                                                               |
| 2009 | Foundation's Monitoring Board is established, providing enhanced public accountability.<br><br>Trustees conclude first part of Constitution Review, expand Board to 16 members, introduce triennial public consultation on Board agenda.<br><br>Board issues <i>IFRS for SMEs</i> Standard. | G20 leaders support work of Board, call for rapid move towards global accounting standards.<br><br>Japan approves IFRS road map, permits voluntary adoption of IFRS Standards.                                                                                                |
| 2008 | Board and FASB form Financial Crisis Advisory Group to guide joint response to crisis.                                                                                                                                                                                                      | Malaysia and Mexico announce intention to adopt IFRS Standards.                                                                                                                                                                                                               |
| 2007 |                                                                                                                                                                                                                                                                                             | United States SEC permits non-US companies to report using IFRS Standards, consults on domestic use Standards.<br><br>Brazil, Canada, Chile, Israel and Korea establish timelines to adopt IFRS Standards.<br><br>100+ countries now require or permit use of IFRS Standards. |

|      | Evolution of the Foundation                                                                                                                                                                | Progress towards global accounting standards                                                                                                                                                                                   |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2006 |                                                                                                                                                                                            | <p>China adopts accounting standards substantially in line with IFRS Standards, with the goal of full convergence.</p> <p>Board and FASB agree to accelerate convergence programme and sign a Memorandum of Understanding.</p> |
| 2005 | Trustees conclude first Constitution Review, expand Trustee membership and strengthen due process.                                                                                         | In Europe, almost 7,000 companies in 25 countries simultaneously switch from national GAAP to IFRS Standards.                                                                                                                  |
| 2004 | Board completes stable platform of IFRS Standards for 2005 adoption.                                                                                                                       | Board and Accounting Standards Board of Japan agree to converge IFRS Standards and Japanese GAAP.                                                                                                                              |
| 2003 | Board issues its first Standard, IFRS 1, and begins webcasting of meetings.                                                                                                                | Australia, Hong Kong, New Zealand and South Africa agree to adopt IFRS Standards from 2005.                                                                                                                                    |
| 2002 |                                                                                                                                                                                            | <p>EU agrees to adopt IFRS Standards from 2005.</p> <p>Board and FASB agree on joint programme to improve respective Standards and bring about their convergence.</p>                                                          |
| 2001 | <p>Board announces its first programme of technical projects.</p> <p>Foundation established. Paul Volcker appointed Chairman of the Trustees, Sir David Tweedie Chairman of the Board.</p> |                                                                                                                                                                                                                                |

# Structure of the IFRS Foundation and the Board



# Process for developing IFRS Standards

|                       |                                                                                                                                                             |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agenda consultation   | <ul style="list-style-type: none"><li>• Public request for information</li><li>• 3–5 year plan</li></ul>                                                    |
| Research programme    | <ul style="list-style-type: none"><li>• Research</li><li>• Discussion Paper</li><li>• Public comment</li><li>• Agenda proposal</li></ul>                    |
| Standards development | <ul style="list-style-type: none"><li>• Exposure Draft</li><li>• Public comment</li><li>• Final IFRS Standard</li></ul>                                     |
| Implementation        | <ul style="list-style-type: none"><li>• Interpretation or narrow-scope amendment with public comment process</li><li>• Post-implementation Review</li></ul> |

# Members of the Board

(1 April 2017)

## **Hans Hoogervorst, Chairman**

Former Chairman, Netherlands Authority for the Financial Markets (AFM) (The Netherlands)

Appointed: 1 July 2011

Second Term expires: 30 June 2021

## **Sue Lloyd, Vice-Chair**

Former Senior Director Technical Activities for the Board, IASB, (New Zealand)

Appointed: 1 January 2014

Term expires: 31 December 2018

## **Stephen Cooper**

Former Managing Director and Head of Valuation and Accounting Research, UBS (United Kingdom)

Appointed: 1 August 2007

Second term expires: 31 July 2017

## **Françoise Flores**

Former Chief Executive Officer of the European Financial Reporting Advisory Group and partner at Mazars (France)

Appointed: 1 January 2017

Term expires: 31 December 2021

## **Amaro Luiz de Oliveira Gomes**

Former Head of Financial System Regulation Department, Central Bank of Brazil (Brazil)

Appointed: 1 July 2009

Second Term expires: 30 June 2019

## **Martin Edelmann**

Former Head of Group Reporting, Deutsche Bank (Germany)

Appointed: 1 July 2012

Term expires: 30 June 2017

## **Gary Kabureck**

Former Chief Accounting Officer and Corporate Vice-President, Xerox Corporation (United States)

Appointed: 15 April 2013

Term expires: 30 June 2017

## **Takatsugu (Tak) Ochi**

Former Assistant General Manager, Sumitomo Corporation; former adviser, Nippon Keidanren and Accounting Standards Board of Japan (Japan)

Appointed: 1 July 2011

Second term expires: 30 June 2019

## **Darrel Scott**

Former CFO, FirstRand Banking Group (South Africa)

Appointed: 1 October 2010

Second Term expires: 30 June 2018

## **Tom Scott**

Former Professor at the School of Accounting and Finance at University of Waterloo, (Canada)

Appointed: 1 April 2017

Term expires: 31 March 2022

## **Chungwoo Suh**

Former Chairman, Korea Accounting Standards Board; Professor of Accounting at Kookmin University Seoul, (Korea)

Appointed: 1 July 2012

Term expires: 30 June 2017

## **Mary Tokar**

Former leader, International Financial Reporting Group, KPMG; former Senior Associate Chief Accountant, Securities and Exchange Commission (United States)

Appointed: 7 January 2013

Term expires: 30 June 2017

## **Wei-Guo Zhang**

Former Chief Accountant and Director General, Department of International Affairs at China Securities Regulatory Commission (People's Republic of China)

Appointed: 1 July 2007

Second term expires: 30 June 2017

# Why adopt IFRS Standards?

Today, the world's financial markets are borderless. Companies (including small companies) seek capital at the best price wherever it is available. Investors and lenders seek investment opportunities wherever they can get the best returns commensurate with the risks involved. To assess the risks and returns of their various investment opportunities, investors and lenders need financial information that is relevant, reliable and comparable across borders.

The amounts of cross-border investment are enormous. To illustrate:

- the Organisation for Economic Co-operation and Development (the OECD) estimates that worldwide Foreign Direct Investment (FDI) outflows in 2015 were \$1.6 trillion. The historically highest level was in 2007 (\$2.4 trillion).<sup>2</sup>
- cross-border ownership of stocks and bonds amounts to many trillions of US dollars. For example, foreign ownership of US equities, corporate bonds and treasuries amounted to over \$17 trillion in 2015. And US investors held nearly \$10 trillion of foreign corporate stocks and bonds in 2015.<sup>3</sup>

The use of one set of high-quality standards by companies throughout the world improves the comparability and transparency of financial information and reduces financial statement preparation costs. When standards are applied rigorously and consistently, capital market participants receive higher quality information and can make better decisions.

Thus, markets allocate funds more efficiently and firms can achieve a lower cost of capital.

A comprehensive review of nearly 100 academic studies of the benefits of IFRS Standards concluded that most of the studies 'provide evidence that IFRS Standards have improved efficiency of capital market operations and promoted cross-border investment'.<sup>4</sup>

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<sup>2</sup> <http://www.oecd.org/corporate/mne/statistics.htm>

<sup>3</sup> Foreign Portfolio Holdings of U.S. Securities as of June 30, 2015, U.S. Department of the Treasury, June 2015. <http://ticdata.treasury.gov/Publish/shl2015r.pdf>. And U.S. Portfolio Holdings of Foreign Securities as of December 31, 2015, U.S. Department of the Treasury, May 2016. [http://ticdata.treasury.gov/Publish/shear\\_report.pdf](http://ticdata.treasury.gov/Publish/shear_report.pdf)

<sup>4</sup> The Case for Global Accounting Standards: Arguments and Evidence. Ann Tarca. <http://go.ifrs.org/Case-for-Global-Accounting-Standards>

# Profiles on the use of IFRS Standards

In their 2012 strategy report, the IFRS Foundation Trustees acknowledged that they need a better understanding of exactly how IFRS Standards are being applied by for-profit business entities around the world, jurisdiction by jurisdiction.<sup>5</sup> This information is essential for the Trustees to be able to assess progress towards the goal of a single set of global accounting standards.

Consequently, in late 2012, the Foundation began a project to develop and post on its website profiles about the use of IFRS Standards in individual countries and other jurisdictions. The Foundation engaged former Board member Paul Pacter to manage the project and develop the profiles. That project is ongoing.

The Foundation uses information from various sources to develop the profiles. The starting point is the responses provided by standard-setting and other relevant bodies to a questionnaire developed by the Foundation. The Foundation drafts the profiles and invites the respondents to the questionnaire and others (including regulators and international audit firms) to review the drafts. Those independent reviews help ensure the accuracy of the profiles.

Currently, profiles are completed for 150 jurisdictions, including all of the G20 jurisdictions plus 130 others.

The individual jurisdiction profiles may be viewed or downloaded without charge from the IFRS Foundation's website here: <http://go.ifrs.org/Use-around-the-world>. Each profile is four to six printed pages in length. The PDF file is about 50kilobytes in size. There is also a ZIP file to enable all of the profiles to be downloaded at once.

## Content of each profile

Each jurisdiction profile includes the following information. Where possible links to referenced documents are included:

- survey participant details.
- public commitment to global accounting standards and IFRS Standards.
- extent of application of IFRS Standards by for-profit entities—which companies? Listed only, unlisted too or only unlisted financial institutions? Required or permitted? Consolidated financial statements only or also separate company statements?
- endorsement of IFRS Standards—process, legal authority, wording of the auditor's report.
- did the jurisdiction eliminate options? Make modifications?
- process for translation of IFRS Standards.
- adoption of the *IFRS for SMEs* Standard.

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<sup>5</sup> Trustees of the IFRS Foundation. *Report of the Trustees' Strategy Review 2011—IFRSs as the Global Standards: Setting a Strategy for the Foundation's Second Decade*. February 2012.

# What the profiles show

The profiles show widespread global adoption of IFRS Standards, with very few local modifications. Here are a few key findings:

## **Commitment to a single set of global accounting standards**

Nearly all of the jurisdictions (140 of the 150) have made a public commitment to supporting a single set of high-quality global accounting standards. Only Albania, Belize, Bermuda, the Cayman Islands, Egypt, Macao, Paraguay, Suriname, Switzerland and Vietnam have not.

## **Commitment to IFRS Standards**

The relevant authorities in all but eight of the 150 jurisdictions (Belize, Bermuda, the Cayman Islands, Egypt, Macao, Suriname, Switzerland and Vietnam) have made a public commitment to IFRS Standards as the single set of global accounting standards. Even in the absence of a public statement, IFRS Standards are commonly used by listed companies in Belize, Bermuda, the Cayman Islands and Switzerland.

## **Adoption of IFRS Standards**

Of the 150 jurisdictions, 126 (84 per cent of those profiled) require IFRS Standards for all or most domestic publicly accountable entities (listed companies and financial institutions) in their capital markets. Of the remaining 24 jurisdictions that have not adopted IFRS Standards;

- twelve jurisdictions permit, instead of require, IFRS Standards—Bermuda, the Cayman Islands, Guatemala, Honduras, Japan, Madagascar, Nicaragua, Panama, Paraguay, Suriname, Switzerland and Timor-Leste;
- one jurisdiction requires IFRS Standards only for financial institutions: Uzbekistan;
- one jurisdiction is in the process of adopting IFRS Standards in full but, for now, still has some differences—Thailand;
- one jurisdiction is in process of converging its national standards substantially (but not entirely) with IFRS Standards—Indonesia; and
- nine jurisdictions use national or regional standards—Bolivia, China, Egypt, Guinea-Bissau, India, Macao, Niger, the United States and Vietnam.

The 126 jurisdictions classified as requiring IFRS Standards for all or most domestic publicly accountable entities include the EU member states to which the IAS 39 *Financial Instruments—Recognition and Measurement* ‘carve-out’ applies. The carve-out affects fewer than two dozen banks out of the 8,000 IFRS companies whose securities trade on a regulated market in Europe.

The 126 also include several jurisdictions that have adopted IFRS Standards nearly word-for-word as their national accounting standards (including Australia, Hong Kong, South Korea and New Zealand).

The 126 also include three jurisdictions that have adopted recent, but not the latest, Bound Volumes of IFRS Standards—Macedonia (2009), Myanmar (2010), and Venezuela (2008). Those jurisdictions are working to update their adoption to the current version of IFRS Standards.

The 126 profiles include all 31 member states of the EU and the European Economic Area, in which IFRS Standards are required for all

# What the profiles show

## continued...

European companies whose securities trade in a regulated market.

### **Which companies are required or permitted to use IFRS Standards?**

The 126 jurisdictions that require IFRS Standards for all or most domestic publicly accountable entities include nine that have no stock exchange but that require IFRS Standards for all financial institutions (Afghanistan, Angola, Belize, Brunei, The Gambia, Kosovo, Lesotho, Liberia and Yemen). Of the 117 jurisdictions that do have stock exchanges, six do not require IFRS Standards for listed financial institutions (Argentina, El Salvador, Israel, Mexico, Peru and Uruguay) though they do require IFRS Standards for all other listed companies. All of the others require IFRS Standards for all listed companies. Around 60 per cent of the 126 jurisdictions that require IFRS Standards for all or most domestic publicly traded companies also require IFRS Standards for some domestic companies whose securities are not publicly traded, generally financial institutions and large unlisted companies. Over 90 per cent of the 126 jurisdictions that require IFRS Standards for all or most domestic publicly traded companies also require or permit IFRS Standards for all or most non-publicly traded companies.

### **Few modifications**

The 150 jurisdictions made very few modifications to IFRS Standards, and the few that were made are generally regarded as temporary steps in the particular jurisdiction's plans to adopt IFRS Standards.

We are aware of the following modifications made in adopting IFRS Standards that could affect a company's compliance with IFRS Standards:

- Bangladesh—small omission in adopting IAS 39.<sup>1</sup>
- Chile—for banks, modified the calculation of loan loss provisions.
- European Union—an optional 'carve-out' from IAS 39 relating to hedging of demand deposits. Affects fewer than two dozen banks out of the 8,000 European companies whose securities trade on a regulated market in Europe. Well over 99% of European listed companies could assert compliance with IFRS Standards.
- Iran—optional modifications permitting goodwill amortisation and measurement of unquoted equity investments at cost less impairment. Companies not electing the optional modifications assert compliance with IFRS Standards.
- Pakistan—has not adopted IFRS 1, IFRIC 12 or IFRIC 15. Further, for banks has not adopted IAS 39, IAS 40 or IFRS 7.
- Philippines—delayed effective dates and modifications relating to insurance, banks, mining, and government grants.
- Serbia—for financial institutions, certain accounting treatments differ from IFRS Standards, for example, in loan loss provisions for banks and in recognising and impairing premium receivables by insurance companies.
- Sri Lanka—modifications to IAS 34, IAS 40 and IFRS 7. Has 'adopted' the following Standards but has not yet made them effective: IFRIC 15,

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<sup>1</sup> Full titles of IFRS Standards can be found in the Overview of IFRS Standards section of this Pocket Guide.

IFRS 9, IFRS 10, IFRS 11, IFRS 12 and IFRS 13.

- Taiwan—imposed some conditions on using the deemed cost exemption in IFRS 1.
- Uzbekistan—for banks, some regulatory accounting requirements are applied.
- Venezuela—definition of hyperinflation differs from IAS 29 for the purpose of mandating general price-level adjusted financial statements.

In addition, several jurisdictions added disclosures or eliminated accounting policy options, but those modifications do not affect a company's ability to assert compliance with IFRS Standards.

### **Auditors' reports**

In 94 jurisdictions, the auditors' reports (or basis of presentation note) refer to conformity with IFRS Standards. In another 33 jurisdictions, the auditors' reports refers to conformity with IFRS Standards as adopted by the EU (including the 31 EU/EEA member states plus the EU itself and Albania, a potential accession country). In the 23 remaining jurisdictions, the auditor's report refers to conformity with national standards.

### **Adoption of the *IFRS for SMEs* Standard**

The *IFRS for SMEs* Standard is a small (250-page) Standard is tailored for small companies. It focuses on the information needs of lenders, creditors and other users of SME financial statements who are primarily interested in information about cash flows, liquidity and solvency. It also takes into account the costs to SMEs and the capabilities of SMEs to prepare financial information. While based on the principles in full IFRS Standards, the *IFRS for SMEs* Standard is a stand-alone Standard. It is organised by topic and, compared with full IFRS Standards and many national requirements, it is considerably less complex. It reflects five types of simplifications from full IFRS Standards:

- some topics in full IFRS Standards are omitted because they are not relevant to typical SMEs;
- some accounting policy options in full IFRS Standards are not allowed because a more simplified method is available to SMEs;
- many of the recognition and measurement principles in full IFRS Standards have been simplified;
- substantially fewer disclosures are required; and
- the text of full IFRS Standards has been redrafted in 'plain English' for easier understandability and translation.

### **How many jurisdictions have adopted the *IFRS for SMEs* Standard?**

Eighty-five of the 150 jurisdictions whose profiles are posted require or permit the *IFRS for SMEs* Standard. It is also currently under consideration in a further 11 jurisdictions.

### **Which jurisdictions have adopted the *IFRS for SMEs* Standard?**

The 85 jurisdictions that require or permit the *IFRS for SMEs* Standard are:

Anguilla, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, the

# What the profiles show

## continued...

Bahamas, Bahrain, Bangladesh, Barbados, Belize, Bermuda, Bhutan, Bosnia and Herzegovina, Botswana, Brazil, Cambodia, the Cayman Islands, Chile, Colombia, Costa Rica, the Dominica, Dominican Republic, Ecuador, El Salvador, Fiji, The Gambia, Georgia, Ghana, Grenada, Guatemala, Guyana, Honduras, Hong Kong, Iraq, Ireland, Israel, Jamaica, Jordan, Kazakhstan, Kenya, Kosovo, Lesotho, Liberia, Macedonia, Madagascar, Malawi, Malaysia, the Maldives, Mauritius, Montserrat, Myanmar, Namibia, Nicaragua, Nigeria, Pakistan, Palestine, Panama, Paraguay, Peru, the Philippines, Qatar, Rwanda, Saint Lucia, Saudi Arabia, Serbia, Sierra Leone, Singapore, South Africa, Sri Lanka, St Kitts and Nevis, St Vincent and the Grenadines, Suriname, Swaziland, Switzerland, Tanzania, Trinidad and Tobago, Uganda, Ukraine, the United Arab Emirates, the United Kingdom, Uruguay, Venezuela, Yemen, Zambia and Zimbabwe.

### **Is the *IFRS for SMEs* Standard required or permitted?**

For the 85 jurisdictions that require or permit the *IFRS for SMEs* Standard:

- four jurisdictions require the *IFRS for SMEs* Standard for all SMEs that are not required to use full IFRS Standards;
- fifty-six jurisdictions give SMEs a choice to use full IFRS Standards instead of the *IFRS for SMEs* Standard;
- twenty-three jurisdictions give SMEs a choice to use either full IFRS Standards or local generally accepted accounting principles (GAAP) instead of the *IFRS for SMEs* Standard; and
- two jurisdictions require SMEs to use local GAAP they do not choose the *IFRS for SMEs* Standard.

### **Modifications of the *IFRS for SMEs* Standard**

In requiring or permitting the *IFRS for SMEs* Standard, 78 of the 85 jurisdictions made no modifications to its requirements. Seven jurisdictions made modifications, as follows:

- two jurisdictions (Ireland and the United Kingdom) made some significant modifications in adopting the *IFRS for SMEs* Standard, including adding in options allowed under full IFRS Standards that are not allowed in the *IFRS for SMEs* Standard. Details can be found in the Ireland and United Kingdom profiles.
- one jurisdiction (Bangladesh) did not adopt Section 31 *Hyperinflation* for SMEs because hyperinflation is not an issue domestically.
- one jurisdiction (Bosnia and Herzegovina) does not require the statements of cash flows or changes in equity in separate financial statements prepared using the *IFRS for SMEs* Standard.
- one jurisdiction (Malaysia) has removed an example that, some say, may affect accounting by property developers.
- two jurisdictions (Pakistan and Uruguay) permit capitalisation of borrowing cost.

## **IFRS Standards provide financial information for capital markets covering over half of the world's GDP**

Analysis of IFRS jurisdictions by GDP shows that capital market investors and lenders in jurisdictions with 62 per cent of the world's GDP receive IFRS financial statements. IFRS Standards are also used in some of the remaining economies for example, by nearly 500 foreign companies whose securities trade in the US.

While the EU is the single biggest part of the IFRS usage base, the jurisdictions outside of Europe that use IFRS Standards also are a large component of the IFRS users:

- all jurisdictions outside the EU and European Economic Area require IFRS Standards for all or most domestic listed companies. The 2014 GDP of those 31 jurisdictions totals \$19.0 trillion.
- the combined 2014 GDP of the non-EU/EEA jurisdictions that either require or permit IFRS Standards for all or most domestic listed companies is \$26.9 trillion.

# The jurisdiction summaries

The following pages in this booklet contain summaries of information included in the profiles of application of IFRS Standards in 150 countries. The full profiles can be found on the IFRS Foundation's website. The information in these summaries—and in the profiles themselves—is for general guidance only and may change from time to time. Users of the summaries and the profiles should not act on the information in those documents; instead, they should obtain specific professional advice to help them in making any decisions or in taking any action. If you believe that the information has changed or is incorrect, please contact us at [ifrsapplication@ifrs.org](mailto:ifrsapplication@ifrs.org).

# Afghanistan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is currently no stock exchange in Afghanistan.

**Financial institutions**—IFRS Standards are required for all companies other than micro-sized ones, and for all banks, by both the Afghanistan Corporations and Limited Liability Companies Law and the Law of Banking.

**Separate company financial statements**—IFRS Standards are required in separate company financial statements.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** IFRS Standards are required by law. This covers all new and amended IFRS Standards. There is no need to incorporate individual new or amended Standards into law or regulations.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The Afghanistan Corporations and Limited Liability Companies Law requires all companies other than micro-sized companies to use IFRS Standards. Micro-sized companies may use a cash basis of accounting.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Which companies must use IFRS Standards?** The Accounting Law (2004) requires the following classes of companies to prepare their legal entity (separate company) and consolidated financial statements using IFRS Standards:

- listed companies—(Note that trading of shares on the stock exchange in Albania is currently inactive.)
- commercial banks, financial institutions, insurance and reinsurance companies and securities funds and investment companies.
- companies that are subsidiaries of any parent whose shares are listed in any stock exchange around the world.
- companies that exceed both of the following criteria in the two preceding years—annual turnover more than ALL 1,250 billion (approximately EUR9 million) and average number of employees more than 100.

All other corporate sector entities must prepare their financial statements in accordance with Albanian National Accounting Standards drafted by the National Accounting Council of Albania (the NACA) and approved by the Minister of Finance.

## IFRS endorsement

**Which standards do companies follow?** Because Albania has applied for membership of the EU, Albania follows IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with—**IFRS Standards. Albanian banks have not used the optional temporary modification of IAS 39 *Financial Instruments—Recognition and Measurement* permitted by the EU.

**Modifications to IFRS Standards—**While Albania follows IFRS Standards as adopted by the EU, the EU's modification of IAS 39 has no effect in Albania.

**Endorsement process for new or amended Standards?** None. However, the NACA, assisted by the World Bank and the IFRS Foundation, is working on a project to develop an adoption/endorsement process.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Currently, they follow Albanian National Accounting Standards developed by the NACA. However, the NACA is working on a project to adopt the *IFRS for SMEs* Standard in full. The *IFRS for SMEs* Standard would be used by all entities that are not required to use full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is currently no stock exchange in Angola.

**Financial institutions**—IFRS Standards have been required for the financial statements of all banks and other financial institutions regulated by the National Bank of Angola effective from 1 January 2016.

**Separate company financial statements**—IFRS Standards are required for banks and other financial institutions.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—Currently, the audit report refers to Angolan GAAP.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** By reference to IFRS Standards in its regulations, the National Bank of Angola has adopted IFRS Standards as issued by the Board. This means that all future new and amended IFRS Standards will automatically be adopted in Angola without the need for individual endorsement.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies other than (a) banks and other financial institutions regulated by the National Bank of Angola and (b) insurance companies and pension funds regulated by the Angolan Agency for Insurance Regulation and Supervision are required to prepare their financial statements in conformity with the Angolan Accounting Law and the General Accounting Plan that was adopted by Presidential Decree 82/01 of 16 November 2001.

# Anguilla



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Anguilla follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued by the Board for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Anguilla has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# Antigua and Barbuda



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Antigua and Barbuda follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued by the Board for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Antigua and Barbuda has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# Argentina



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies other than financial institutions**—IFRS Standards have been required since 2012 for the consolidated financial statements of all domestic and foreign companies whose securities are publicly traded and that are regulated by the Comisión Nacional de Valores (the CNV).

**Banks**—Must apply the accounting regulations enforced by the Central Bank of Argentina (the BCRA). On 12 February 2014, the BCRA issued Communication A5541 announcing a plan to converge the BCRA accounting standards for banks with IFRS Standards. The converged standards would become mandatory on 1 January 2018.

**Insurance companies**—Must apply the accounting regulations enforced by the Superintendency of Insurance.

**Separate company financial statements**—These follow local requirements that differ, in some cases, from IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The process is managed by the Consejo Emisor de Normas de Contabilidad y Auditoría (the CENCyA), which is the Argentinian Accounting and Auditing Standards Board. After inviting public comments, the CENCyA proposes adoption to the Board of the Argentinean Federation of Professional Organisations of Economic Sciences (the FACPCE). If the FACPCE approves adoption, it sends the approved Standard to the councils of the various member bodies of the FACPCE for approval in their jurisdiction.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies other than those whose securities trade in a public market and financial institutions are permitted to use the *IFRS for SMEs* Standard (depending on the approval of individual provincial governments). Otherwise, they are permitted to use full IFRS Standards or Argentinian standards developed by the CENCyA.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Pursuant to the Law on Accounting (2003), as amended in December 2008, the Republic of Armenia has adopted IFRS Standards for all companies with the sole exception of micro-sized entities.

**Financial institutions**—Banks and other financial institutions are required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—For financial institutions and securities market issuers, the auditor's report always refers to IFRS Standards. For other entities, the auditor's report refers either to IFRS Standards or to IFRS Standards as adopted by the Republic of Armenia.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Law on Accounting (2003), as amended in December 2008, requires all companies in the Republic of Armenia to prepare financial statements in accordance with IFRS Standards with a sole exception of micro-sized entities. Moreover, Article 3 of that Law states that IFRS Standards as required by Law includes 'future standards and comments adopted by International Accounting Standards Board and interpretations thereto'. Consequently, endorsement of new or amended Standards is not required.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Companies that meet the definition of a small or medium-sized entity in the *IFRS for SMEs* Standard are permitted to use the *IFRS for SMEs* Standard or full IFRS Standards. The Law on Accounting permits micro-sized entities to apply a simplified tax accounting guide to be developed by the Government of the Republic of Armenia instead of IFRS Standards. However, such a guide has not yet been issued.

# Australia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies, financial institutions and other ‘reporting entities’**—IFRS Standards are required for all for-profit entities that are ‘reporting entities’. A reporting entity is ‘an entity in respect of which it is reasonable to expect the existence of users who rely on the entity’s general purpose financial statement for information that will be useful to them for making and evaluating decisions about the allocation of resources.’ Reporting entities include all companies whose securities are publicly traded, all banks, insurance companies and similar financial institutions, plus others. Companies that are not reporting entities are permitted to use IFRS Standards.

**Separate company financial statements**—Reporting entities must use IFRS Standards in their separate financial statements. Other companies are permitted to do so.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—Both Australian Accounting Standards and IFRS Standards.

**Modifications to IFRS Standards**—Australia has not substantively modified IFRS Standards as applied by for-profit companies.

**Endorsement process for new or amended Standards?** IFRS Standards (including Interpretations) are incorporated into Australian Accounting Standards and have the force of law for all companies that file financial statements with a governmental agency. In endorsing IFRS Standards, the Australian Accounting Standards Board (the AASB) issues an Exposure Draft (ED) incorporating an IASB ED at the same time as the Board issues its ED. The AASB considers constituents’ comments in drafting its comments to the Board. The AASB monitors the development of a Standard and provides input to staff or Board members as appropriate. A ballot draft of an Australian Accounting Standard incorporating the new or amended Standard is sent to AASB members for voting. Once an Australian Accounting Standard is adopted, it is still subject to disallowance by Parliament.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs that are reporting entities are permitted to use IFRS Standards or the AASB’s Tier 2 reporting requirements (IFRS Standards without consolidation and with reduced disclosures). In addition, there is no prohibition on non-reporting entities using the *IFRS for SMEs* Standard if the entity is not reporting under the Corporations Act.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Austria is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those that trade on a regulated market follow IFRS Standards as adopted by the EU. Others are permitted to use IFRS Standards as adopted by the EU or national accounting standards.

**Separate company financial statements**—These follow Austrian GAAP as stipulated in the Commercial Code.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended IFRS Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (the EFRAG). Based on the EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** In their separate company financial statements, SMEs must use Austrian GAAP as stipulated in the Commercial Code. In their consolidated financial statements, SMEs may use Austrian GAAP or they may choose full IFRS Standards as adopted by the EU.

# Azerbaijan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are required for:

- credit organisations;
- insurance companies;
- investment funds;
- non-state (private) social funds;
- entities with securities traded on the stock exchange;
- large commercial organisations (size based on annual revenue, average number of employees and total assets); and
- a commercial organisation (other than a very small one) that has one or more subsidiaries.

All other commercial organisations (except very small ones) are permitted to use IFRS Standards or the *IFRS for SMEs* Standard.

**Separate company financial statements**—IFRS Standards are required in the separate financial statements of all companies whose securities trade in a public market.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. The Republic of Azerbaijan Accounting Law (2004) provides that new or amended IFRS Standards are automatically effective 'when they are officially adopted by the International Accounting Standards Board'.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs may use the *IFRS for SMEs* Standard. Otherwise:

- SMEs other than 'subjects of small entrepreneurship' must choose between Azerbaijan National Accounting Standards and IFRS Standards; and
- subjects of small entrepreneurship may choose the *IFRS for SMEs* Standard, Azerbaijan National Accounting Standards, or Simplified Accounting Rules for Subjects of Small Entrepreneurship developed by the Ministry of Finance.

# Bahamas



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Rule 7 of the Public Accountants (Rules of Professional Conduct) Regulations 1993 (adopted under the Public Accountants Act 1991) requires compliance with IFRS Standards unless the Bahamas Institute of Chartered Accountants (the BICA) has specifically excluded any particular Standard. As a matter of practice, the BICA has never excluded any Standard. The Bahamas has always adopted all IFRS Standards as they are issued and made effective. Consequently, all listed companies and financial institutions follow IFRS Standards as issued by the Board.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New and amended IFRS Standards, including Interpretations, are automatically adopted under Rule 7 of the Public Accountants (Rules of Professional Conduct) Regulations 1993. Specific endorsement is not required.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose the *IFRS for SMEs* Standard or full IFRS Standards.

# Bahrain



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Article 219 of the Commercial Companies Law of the Kingdom of Bahrain (Decree Law No 21 of 2001) requires that the auditor's report state:

Whether the balance sheet and the profit and loss account are conforming to the facts, and are prepared according to the international accounting standards or to the standards approved by the competent authority; and whether they include all what is provided for in the law and in the company's articles of association and honestly and clearly reflect the actual financial position of the company.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Because the Commercial Companies Law requires IFRS Standards, endorsement of individual new or amended Standards is not needed.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose either the *IFRS for SMEs* Standard or full IFRS Standards. There are no local Bahrain accounting standards.

# Bangladesh



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Rule 12(2) of Bangladesh Securities and Exchange Rules, 1987 adopted by the Ministry of Finance states:

The financial statements of an issuer of a listed security shall be prepared in accordance with the requirements laid down in the Schedule and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Explanation—In this sub-rule, International Accounting Standard refers to the accounting standards issued by the International Accounting Standards Committee [predecessor of the Board]. The ICAB has adopted IFRS Standards as Bangladesh Financial Reporting Standards (BFRS).

**Separate company financial statements**—These follow IFRS Standards adopted as BFRS.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the ICAB, which meant IFRS Standards as issued by the Board except for a modification of IAS 39 *Financial Instruments—Recognition and Measurement*.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the ICAB.

**Modifications to IFRS Standards**—Bangladesh has not adopted IAS 39 in full. Instead, it has adopted the version of IAS 39 that was included in IFRS 2010 (Red Book). The Red Book version of IAS 39 does not include requirements for financial assets because that part of IAS 39 has been replaced by IFRS 9 *Financial Instruments*. Bangladesh has also modified the transitional provisions in several Interpretations, including IFRIC 4 *Determining whether an Arrangement contains a Lease* and IFRIC 12 *Service Concession Arrangements*.

**Endorsement process for new or amended Standards?** All new and amended Standards are reviewed by the Technical and Research Committee (the TRC) of the ICAB and then approved by the Council of the Institute.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to use either IFRS Standards as adopted by the ICAB or the *BFRS for SMEs* Standard. In adopting the BFRS for SMEs Standard, Bangladesh excluded Section 31 Hyperinflation. The ICAB felt that Section 31 was not relevant to SMEs in Bangladesh because Bangladesh is not a hyperinflationary economy.

# Barbados



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies other than financial institutions**—The Council of the Institute of Chartered Accountants of Barbados (the ICAB) has adopted IFRS Standards as the national accounting standards of Barbados. Technically, listed companies are also permitted to use another GAAP approved by the ICAB. However, currently all listed companies use only IFRS Standards. The Barbados Stock Exchange is considering a proposed guideline that would eliminate the possibility of using some other GAAP.

**Banks and other financial institutions**—IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Any new or amended IFRS Standards automatically become a requirement in Barbados without the need for endorsement.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose either the *IFRS for SMEs* Standard or full IFRS Standards.

# Belarus



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies financial institutions**—IFRS Standards are required for banks and non-banking financial institutions (including insurance companies) whose securities trade in a public market and (since 2016) in the consolidated financial statements of all other domestic companies whose securities trade in a public market.

**Separate company financial statements**—IFRS Standards are required in the separate company financial statements of all banks and non-banking financial institutions whose securities are publicly traded, and (since 2016) in the separate financial statements of all insurance companies. Separate company financial statements of other publicly traded companies are prepared in conformity with applicable laws and regulations instead of IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Currently, both the Regulations of the National Bank of the Republic of Belarus and the Belarusian Accounting and Financial Reporting Act provide for IFRS implementation without endorsement of individual Standards. However, Belarus is developing a plan by which Standards will be endorsed by the Cabinet of Ministers of the Republic of Belarus in cooperation with the National Bank of the Republic of Belarus. No detailed endorsement procedure is currently available.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs follow national accounting standards. The *IFRS for SMEs* Standard has not been adopted.

# Belgium



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Belgium is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All credit institutions, insurance companies and investment firms must follow IFRS Standards as adopted by the EU even if not publicly traded. Mutual funds and pension funds are permitted to use IFRS Standards as adopted by the EU.

**Separate company financial statements**—These follow national standards except for real estate investment companies, whose separate financial statements must follow IFRS Standards as adopted by the EU.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on the EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to use IFRS Standards as adopted by the EU. Otherwise they follow the EU accounting directives and Belgian standards.

# Belize



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is currently no stock exchange in Belize. IFRS Standards are required for domestic banks and permitted for all other companies.

**Financial institutions**—Chapter 73(1) of the Belize Domestic Bank and Financial Institutions Act 2012 requires that financial statements and accounting records must be ‘prepared and maintained in accordance with International Financial Reporting Standards’.

**Separate company financial statements**—IFRS Standards are required for domestic banks and permitted for all other companies.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** There is no endorsement process because Belize has not adopted a particular accounting framework as its national standards for companies other than banks. IFRS Standards and the *IFRS for SMEs* Standard are permitted without endorsement.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Both full IFRS Standards and the *IFRS for SMEs* Standard are permitted.

# Bermuda



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies other than financial institutions**—Bermuda has not adopted any particular financial reporting framework as its national accounting standards. As an international financial centre, Bermuda permits the use of IFRS Standards or national GAAPs. The national GAAPs of Canada, the United Kingdom and the United States are commonly used.

**Banks and other financial institutions**—For banks, trust companies, investment companies and insurance companies subject to regulation by the Bermuda Monetary Authority (the BMA), the BMA has adopted a regulatory reporting framework. The BMA would accept IFRS Standards, Canadian GAAP or US GAAP instead of the statutory reporting framework.

**Separate company financial statements**—IFRS Standards are permitted in the separate financial statements of all companies whose securities trade in a public market.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. Companies are simply permitted to use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Bermuda permits the use of IFRS Standards, the *IFRS for SMEs* Standard or national GAAPs.

# Bhutan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies other than financial institutions**—Currently, the Companies Act of Bhutan (2000) requires that companies listed on the Royal Securities Exchange of Bhutan must present their financial statements in compliance with a GAAP system. To comply with this provision, companies are permitted to use IFRS Standards.

In July 2010, the government of Bhutan approved the formation of the Accounting and Auditing Standards Board of Bhutan (the AASBB). The AASBB has authority to set Bhutanese accounting and auditing standards in line with international standards. The AASBB has decided to adopt IFRS Standards in three phases, aiming for full adoption and compliance by the year 2021. The standards will be called Bhutanese Accounting Standards (BAS) during the transition period until 2021. Phase 1 had involved adoption of 18 IFRS Standards that companies must implement by the end of 2015. When fully adopted, IFRS Standards will be required for listed companies and financial institutions and permitted for all other companies.

**Separate company financial statements**—IFRS Standards permitted.

## IFRS endorsement

**Which standards do companies follow?** Once IFRS Standards are fully adopted by 2021, companies will follow IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards. During the transition period prior to 2021, the auditor's report will refer to compliance with BAS.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Currently, there is no endorsement process.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The AASBB is considering adoption of the *IFRS for SMEs* Standard.

# Bolivia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Currently, all companies domiciled in Bolivia, domestic and foreign, must follow Bolivian Accounting Standards to prepare their statutory financial statements. In addition to the statutory financial statements:

- foreign companies are permitted to prepare supplemental financial statements using IFRS Standards for the purpose of consolidation if this is required by their head office; and
- Bolivian national companies that are subsidiaries of foreign companies are permitted to prepare supplementary financial statements using IFRS Standards for the purpose of consolidation if this is required by their head office.

The Consejo Técnico Nacional de Auditoria y Contabilidad (the CTNAC, the National Technical Board of Auditors and Accountants) has approved a plan that would require IFRS Standards (including the *IFRS for SMEs* Standard) as follows:

- for companies with public accountability starting in 2015;
- for medium-sized companies starting in 2016; and
- for small and micro-sized companies starting in 2017.

However, that plan has not yet been approved by the Autoridad de Fiscalización y Control Social de Empresas, the Bolivian government regulatory body.

## IFRS endorsement

**Which standards do companies follow?** National standards.

**The auditor's report asserts compliance with**—National standards.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Currently, Bolivian national standards. A plan for adoption of the *IFRS for SMEs* Standard has been developed and is awaiting government approval.

# Bosnia and Herzegovina



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

IFRS Standards and the *IFRS for SMEs* Standard are required as follows:

|                                                                                                                                                                                                                                                                           | Consolidated financial statements                  | Separate financial statements                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|
| Listed companies                                                                                                                                                                                                                                                          | IFRS Standards                                     | IFRS Standards                                                                              |
| Banks                                                                                                                                                                                                                                                                     | IFRS Standards                                     | IFRS Standards                                                                              |
| Insurance companies                                                                                                                                                                                                                                                       | IFRS Standards                                     | IFRS Standards                                                                              |
| Private pension funds                                                                                                                                                                                                                                                     | IFRS Standards                                     | IFRS Standards                                                                              |
| Other public interest entities                                                                                                                                                                                                                                            | IFRS Standards                                     | IFRS Standards                                                                              |
| Large unlisted entities—exceed at least two out of three of the following: 250 employees, total assets of BAM million (approximately \$2.2 million) and total revenue of BAM million (approximately \$4.5 million).                                                       | IFRS Standards                                     | IFRS Standards or the <i>IFRS for SMEs</i> Standard                                         |
| Medium-sized unlisted entities—meet at least two out of three of the following: between 50 and 250 employees, total assets between KM1 and KM4 million (approximately \$0.5–2.2 million) and total revenue between KM2 and KM8 million (approximately \$1.1–4.5 million). | IFRS Standards                                     | IFRS Standards or the <i>IFRS for SMEs</i> Standard                                         |
| Small-sized entities—companies below the above sizes.                                                                                                                                                                                                                     | Consolidated financial statements are not required | IFRS Standards or the <i>IFRS for SMEs</i> Standard (but no equity or cash flow statements) |

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with—**IFRS Standards.

**Modifications to IFRS Standards—**None.

**Endorsement process for new or amended Standards?** The law requires application of IFRS Standards as issued by the Board. There is no need to incorporate individual Standards into law.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** See the table above.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—All must use IFRS Standards in their consolidated financial statements. In addition, the Botswana Companies Act requires some other companies also to use IFRS Standards (this is discussed further below).

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The process of adoption involves the review of the Standard by, and recommendation from, the Botswana Institute of Chartered Accountants (the BICA) Technical Committee. The BICA Technical Committee's recommendation is presented to the BICA Council. On approval of the BICA Council, the adoption is finalised. To date, the BICA has adopted all IFRS Standards without modification.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Companies that do not have public accountability (their securities are not publicly traded and they are not a financial institution) and that meet the threshold to be an 'exempt company' under the Botswana Companies Act may use the *IFRS for SMEs* Standard. An exempt company is one that satisfies all three of the following conditions:

- turnover less than BWP 10 million (approximately \$0.9 million);
- assets less than BWP 5 million (approximately \$500,000); and
- company is not a subsidiary of a holding company.

A company that does not satisfy all three of the above conditions or that has public accountability must use full IFRS Standards. Exempt companies are permitted to use full IFRS Standards or the *IFRS for SMEs* Standard.

# Brazil



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies other than financial institutions**—IFRS Standards are required for all companies whose securities are publicly traded and for most financial institutions whose securities are not publicly traded, for both consolidated and separate (individual) company financial statements.

**Separate company financial statements**—IFRS Standards (see above).

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board, but some options have been eliminated. For example, the revaluation of property, plant and equipment under IAS 16 *Property, Plant and Equipment* and the revaluation of intangible assets under IAS 38 *Intangible Assets*.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—Brazil has removed accounting policy options with respect to revaluation of property, plant and equipment and intangible assets and with respect to early adoption, but that does not affect the ability of a company to assert compliance with IFRS Standards.

**Endorsement process for new or amended Standards?** The Comitê de Pronunciamentos Contábeis (the CPC, the Brazilian Accounting Pronouncements Committee) approves standards that are identical to IFRS Standards as issued by the Board. The Comissão de Valores Mobiliários (the CVM, Securities and Exchange Commission of Brazil) endorses CPC standards for public entities. The Conselho Federal de Contabilidade (the CFC) endorses CPC standards for non-public entities. In addition, the Brazilian Institute of Independent Auditors (the IBRACON) is the official entity authorised to annually translate and publish the IFRS Red Book.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are required to use the *IFRS for SMEs* Standard unless they choose to use full IFRS Standards, with one exception—some micro and small entities (gross revenue less than BRL\$3.6 million, which is approximately \$1.0 million) are authorised to use a simplified set of accounting standards established under Resolution CFC 1418/2012.

# Brunei Darussalam



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies other than financial institutions**—There is no stock exchange in Brunei Darussalam. The Brunei Darussalam Accounting Standard Council (the BDASC) has adopted IFRS Standards as issued by the Board for publicly accountable entities in Brunei Darussalam with effect from 1 January 2014. Publicly accountable entities include banks, financial institutions, insurance companies and takaful companies. Takaful companies are similar to mutual insurance companies.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The BDASC is developing a process for endorsement of IFRS Standards. The process will include public input both at a dialogue session and by an Exposure Draft.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The BDASC is currently reviewing the suitable accounting standards as well as formulating criteria for SMEs and cottage industries.

# Bulgaria



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Bulgaria is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit the use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU even if not publicly traded.

**Separate company financial statements**—IFRS Standards as adopted by the EU.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (the EFRAG). Based on the EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose full IFRS Standards as adopted by the EU or Bulgarian accounting standards. The Institute of Certified Public Accountants of Bulgaria (the IDES) states that the profession and the IDES is strongly in favour of adoption of the *IFRS for SMEs* Standard. However, the position of the legislators is generally to follow the EU rules. Consequently, the IDES states that adoption of the *IFRS for SMEs* Standard in Bulgaria under a local decision is unlikely until it becomes obligatory in the EU.

# Cambodia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are adopted word-for-word as Cambodian International Financial Reporting Standards (CIFRS). CIFRS are required for publicly traded entities, financial institutions and large entities.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—The audit report must state compliance with CIFRS. However, the audit report may also refer to compliance with IFRS Standards in addition to compliance with CIFRS.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The ministerial proclamation that originally adopted IFRS Standards is worded so that all new Standards, amendments and Interpretations are automatically adopted without any additional adoption or endorsement process.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Non-publicly accountable domestic companies have a choice between IFRS Standards and the *IFRS for SMEs* Standard as issued by the Board, which are adopted without modification as CIFRS and the *CIFRS for SMEs*.

# Canada



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Canada has adopted IFRS Standards for most ‘publicly accountable enterprises’. While (for legal reasons) the standards are technically referred to as Canadian GAAP, companies using those standards must make an unreserved statement of compliance with IFRS Standards and, in the case of an interim financial report, an unreserved statement of compliance with IAS 34 *Interim Financial Reporting*.

Publicly accountable enterprises are entities, other than not-for-profit organisations, that have issued, or are in the process of issuing, debt or equity instruments that are, or will be, outstanding and traded in a public market or hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses.

Although Canadian GAAP for all publicly accountable enterprises equates to IFRS Standards, regulators provide options for (a) those filing in the United States to apply US GAAP, rather than Canadian GAAP and (b) rate-regulated entities not filing in the United States to apply US GAAP until 2019.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Canadian Accounting Standards Board (the AcSB) issues its own ‘wraparound exposure draft’ for every Exposure Draft and draft Interpretation issued by the IASB and the IFRS Interpretations Committee. As soon as possible following the Board’s approval of a new or amended Standard, the AcSB reviews the final steps in the Board’s due process, including the review by the Foundation’s Due Process Oversight Committee. It also considers the responses to its own wraparound exposure draft. The AcSB then approves the new material by written ballot, translates the text into French and publishes the English and French texts in the CPA Canada Handbook—Accounting.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The AcSB has developed a separate financial reporting framework for private enterprises. Private enterprises may also choose Canadian GAAP for publicly accountable enterprises (ie IFRS Standards).

# Cayman Islands



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are permitted. The government of the Cayman Islands has not adopted IFRS Standards. Nonetheless, all companies may use IFRS Standards and the *IFRS for SMEs* Standard. The listing rules of the Cayman Islands Stock Exchange require that ‘financial statements ... must have been prepared in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles or other equivalent standard acceptable to the Exchange’. Further, ‘where the financial statements have not been prepared in accordance with International Accounting Standards, United States, United Kingdom or Canadian Generally Accepted Accounting Principles or other standards acceptable to the Exchange, any significant departure from International Accounting Standards must be disclosed and explained and its financial effect quantified’.

**Separate company financial statements**—IFRS Standards permitted.

## IFRS endorsement

**Which standards do companies follow?** Where IFRS Standards are used, companies follow IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The regulations of the Cayman Islands Monetary Authority and the listing requirements of the Cayman Islands Stock Exchange permit IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Those SMEs that are required to prepare general purpose financial statements, or that choose to do so, may use the *IFRS for SMEs* Standard or another recognised GAAP framework.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Listed companies and those with 500 or more shareholders, other than financial institutions, are regulated by the Superintendencia de Valores y Seguros (the SVS). Other corporations may voluntarily register with (and be regulated by) the SVS; over 200 have opted to do so. All companies registered with the SVS must follow IFRS Standards.

**Financial institutions**—Banks and other financial institutions are regulated by the Superintendent of Banks and Financial Institutions (the SBIF). They must follow the accounting rules issued by the SBIF. The SBIF has adopted IFRS Standards with two significant modifications:

- banks must measure loan loss provisions using an expected loss approach (with note disclosure of the IAS 39 *Financial Instruments—Recognition and Measurement* amount); and
- banks are prohibited from using the ‘fair value option’ in IAS 39.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None with respect to reporting entities that are not banks or financial institutions. As previously noted above, there are two modifications for banks and other financial institutions.

**Endorsement process for new or amended Standards?** The Colegio de Contadores de Chile (the CCCH) is the recognised accounting standard-setter under the law. Because the CCCH has adopted IFRS Standards, those Standards are authoritative under the law. The CCCH periodically adopts new and amended Standards via a Technical Bulletin.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.

# China



Note: As Special Administrative Regions of the People's Republic of China, both Hong Kong and Macao adopt their own financial reporting standards. Accordingly, there are separate jurisdictional profiles for Hong Kong and Macao.

## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The Accounting Regulatory Department of the Ministry of Finance of China (the MoF) is responsible for setting accounting standards for all business enterprises, including listed companies and financial institutions. China has adopted national accounting standards (known as Accounting Standards for Business Enterprises, or ASBE) that are substantially converged with IFRS Standards. Note that approximately 250 Chinese companies whose securities trade on the Stock Exchange of Hong Kong have chosen to prepare IFRS financial reports for issuance in Hong Kong. Those IFRS financial reports are in addition to the ASBE financial reports that the Chinese companies issue within mainland China.

In November 2015, the IFRS Foundation and the MoF formed a joint working group to explore ways to advance the use of IFRS Standards within China, especially for internationally-oriented Chinese companies.

**Separate company financial statements**—National standards required.

## IFRS endorsement

**Which standards do companies follow?** National standards.

**The auditor's report asserts compliance with—** National standards.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs must follow the *Chinese Accounting Standard for Small Entities* published by the MoF. China used the *IFRS for SMEs* Standard as an important reference when developing the *Chinese Accounting Standard for Small Entities*.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Pursuant to Law 1314 of 13 July 2009, Colombia has adopted IFRS Standards and the *IFRS for SMEs* Standard as follows:

- Group 1—Full IFRS Standards in 2015 (date of transition 1 January 2014).<sup>6</sup> This group includes all listed companies, other companies defined as public interest entities under the law, large companies whose parent or subsidiary reports under IFRS Standards and companies that derive at least 50 per cent or more of their revenue from exports or imports.
- Group 2—the *IFRS for SMEs* Standard in 2016. This group includes all large and medium-sized companies other than those in Group 1.
- Group 3—Normas de Información Financiera para Microempresas (NIFM) in 2015: NIFM is a new standard being developed for micro-sized entities in Colombia by the national standard-setter. Micro-sized entities may also choose the *IFRS for SMEs* Standard.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** In order to incorporate IFRS Standards into the Colombian legal system, the original text of the Standard must be exposed for public comment by the national standard-setter and then attached to a series of legal documents issued by the regulatory authorities. Those documents are then published in an official newspaper in order to complete the formal adoption process.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Colombia has adopted the *IFRS for SMEs* Standard for a large group of companies starting in 2016, with the date of transition being 1 January 2015. The *IFRS for SMEs* Standard will be required for all companies whose securities are not publicly traded other than:

- micro-sized entities (for which a separate standard is being developed); and
- large unlisted companies whose parent or subsidiaries report under full IFRS Standards and major exporters or importers (who must use full IFRS Standards starting 2015).

Micro-sized entities may also elect to use the *IFRS for SMEs* Standard.

<sup>6</sup> Companies in Group 1 had an option to adopt IFRS Standards earlier, beginning in 2013 (date of transition 1 January 2012).

# Costa Rica



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The Colegio de Contadores Públicos de Costa Rica (the Colegio) is authorised to adopt accounting standards in Costa Rica under the public accounting regulatory law. In this capacity, the Colegio has adopted IFRS Standards as issued by the Board as the accounting standards in Costa Rica.

All companies regulated by the Consejo Nacional de Supervisión del Sistema Financiero (the CONASSIF) must use full IFRS Standards, even if their securities do not trade in a public market. All other companies may use the *IFRS for SMEs* Standard or full IFRS Standards. Companies regulated by the CONASSIF include companies whose shares trade in public markets, financial institutions, pension operators, insurance companies and companies managing investment funds.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The resolutions of the Colegio adopting IFRS Standards and the *IFRS for SMEs* Standard state that any new or amended Standards are automatically adopted in Costa Rica.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may use the *IFRS for SMEs* Standard or full IFRS Standards.

# Croatia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Croatia is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All banks, insurance companies, leasing companies and other financial institutions must follow IFRS Standards as adopted by the EU even if not publicly traded.

**Separate company financial statements**—IFRS Standards as adopted by the EU.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards as adopted by the EU are required in both the consolidated and separate company financial statements of all 'large entrepreneurs'. Large entrepreneurs are unlisted companies that fulfil two of the following three conditions: total revenue greater than HRK 260 million (approximately \$36 million); total assets greater than HRK 130 million (approximately \$18 million); and an average number of employees in excess of 250. Other SMEs must use Croatian Financial Reporting Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Cyprus is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU even if not publicly traded.

**Separate company financial statements**—IFRS Standards as adopted by the EU.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards as adopted by the EU.

# Czech Republic



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, the Czech Republic is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those that trade on a regulated market follow IFRS Standards as adopted by the EU.

**Separate company financial statements**—IFRS Standards as adopted by the EU.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards as adopted by the EU are permitted in the consolidated financial statements of SMEs. IFRS Standards as adopted by the EU are permitted in the separate company financial statements of SMEs that are subsidiaries of parents that use IFRS Standards.

# Denmark



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Denmark is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those whose securities trade in a regulated market must follow IFRS Standards as adopted by the EU.

**Separate company financial statements**—Banks follow national standards. For all other companies:

- IFRS Standards as adopted by the EU are required if the company does not prepare consolidated financial statements because it has no subsidiaries; and
- IFRS Standards as adopted by the EU are permitted in other separate company financial statements.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards as adopted by the EU are permitted in both consolidated and separate financial statements. Otherwise SMEs follow national standards.

# Dominica



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Dominica follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued by the Board for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Dominica has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# Dominican Republic



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The General Law of Corporations and Limited Liability Proprietorships (Law No. 479–08) as amended by Law No. 31–11 provides that financial statements should be prepared in accordance with the principles and/or accounting standards that are generally accepted nationally and internationally. To implement this requirement, both the Superintendencia de Valores (securities commission) and the Institute of Certified Public Accountants of the Dominican Republic require IFRS Standards for all publicly accountable entities.

**Financial institutions**—The Superintendencia de Valores requires all banks to use IFRS Standards.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New and amended IFRS Standards become required when issued by the Board and are translated into Spanish.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** From 1 July 2014 the *IFRS for SMEs* Standard in its entirety is required for all large and medium-sized unlisted companies in the Dominican Republic. Those companies may also choose full IFRS Standards. Micro-sized companies are encouraged to use *A Guide for Micro-sized Entities Applying the IFRS for SMEs* Standard (2009) issued by the IASB in June 2013.

# Ecuador



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are mandatory for listed companies other than financial institutions and for other companies under control/supervision of the Companies Supervisory Authority.

**Financial institutions**—Banks, insurance companies and other financial institutions that are under the control/supervision of the Superintendency of Banks and Insurance Companies must use standards issued by that regulator.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New and amended IFRS Standards become requirements automatically under Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The Superintendent of Companies permits the use of the *IFRS for SMEs* Standard by all companies that are not registered under the Securities Act and that meet the following conditions:

- total annual sales revenue less than \$5 million;
- total assets less than \$4 million; and
- total number of employees less than 200 (annual weighted average).

Larger SMEs are required to use full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Egypt has not adopted IFRS Standards. By Decree No. 243/2006 of the Minister of Investment, in 2006 Egypt adopted 35 national accounting standards known as Egyptian Accounting Standards (EAS). The EAS were developed taking into consideration the IFRS Standards that existed in 2005.

Decree No. 243/2006 requires companies to look to IFRS Standards if there is no comparable EAS.

**Separate company financial statements**—EAS is required.

## IFRS endorsement

**Which standards do companies follow?** EAS.

**The auditor's report asserts compliance with**—EAS.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** EAS.

# El Salvador



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are required for all listed companies other than banks, insurance companies and pension funds.

**Financial institutions**—The bank, insurance and pension regulators have not adopted IFRS Standards, but they require that the financial statements of their regulated entities state the main differences between ‘regulatory GAAP’ and IFRS Standards.

**Separate company financial statements**—IFRS Standards are required (other than financial institutions).

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Consejo de Vigilancia de la Profesión de Contaduría Pública y Auditoría (the CVPCPA) is the accounting standard-setter recognised under the Commercial Code of El Salvador. The CVPCPA has adopted IFRS Standards and the *IFRS for SMEs* Standard.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs must follow the *IFRS for SMEs* Standard, except for cooperative associations. For cooperative associations the Salvadoran Institute for Cooperatives has defined a set of accounting principles for its associates based on the *IFRS for SMEs* Standard. The set of standards is called Financial Information Standards for Co-operative Associations of El Salvador.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Estonia is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU even if not publicly traded. These include credit institutions, insurance undertakings, financial holding companies, mixed financial holding companies and investment firms.

**Separate company financial statements**—IFRS Standards as adopted by the EU.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended IFRS Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The new version of Estonian GAAP that was effective from 1 January 2013 is based on the *IFRS for SMEs* Standard, but with some differences:

- Estonian GAAP includes a policy choice for development costs (either the *IFRS for SMEs* Standard treatment or full IFRS Standards treatment);
- Estonian GAAP includes a policy choice for government grants (either the *IFRS for SMEs* Standard treatment or full IFRS Standards treatment); and
- Estonian GAAP includes certain disclosure differences.

SMEs must choose between IFRS Standards as adopted by the EU and Estonian GAAP.

# European Union



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The IAS Regulation adopted by the EU in 2002 requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those whose securities trade in a regulated market must follow IFRS Standards as adopted by the EU. Member states prescribe the standards for other financial institutions.

**Separate company financial statements**—EU member states may permit or require use of IFRS Standards or national GAAP. The European Commission periodically surveys the EU member states regarding use of options for separate financial statements. The reports of those surveys can be found here:

[http://ec.europa.eu/finance/company-reporting/docs/legal\\_framework/20140718-ias-use-of-options\\_en.pdf](http://ec.europa.eu/finance/company-reporting/docs/legal_framework/20140718-ias-use-of-options_en.pdf)

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard has not been adopted by the EU. The EU Accounting Directives and Member State requirements govern the accounting standards used by companies whose securities do not trade on a regulated market.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The Fiji Institute of Accountants (the FIA) adopted IFRS Standards for large and/or publicly accountable entities beginning in January 2007. The terms ‘large’ and ‘publicly accountable’ are defined in the By-Laws of the FIA to be:

- public companies, as defined in the Companies Act;
- companies that are majority-owned by the government;
- banking and financial institutions;
- superannuation, insurance and insurance broking entities;
- government entities established under their own statute with annual turnover of at least FJD\$5 million (approximately \$2 million);
- entities with annual group turnover of at least FJD\$20 million (approximately \$9 million) or with assets exceeding FJD\$20 million (approximately \$9 million);
- other entities that are publicly accountable (those that have debt or equity instruments on public issue or have coercive power to tax, rate or levy to obtain public funds) with annual turnover of at least FJD\$5 million (approximately \$2 million); and
- entities with annual turnover of at least FJD\$5 million (approximately \$2 million) and where any of the previously noted listed entities have significant influence (through more than 20 per cent ownership), because equity accounting would be applicable for the parent company reporting.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** There is no formal approval process. The FIA has statutory authority to approve accounting standards. The FIA requires IFRS Standards for large and publicly accountable entities (as previously noted). New and amended IFRS Standards automatically become part of the FIA requirement.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs that are not large or publicly accountable (as previously noted) are required to use the *IFRS for SMEs* Standard.

# Finland



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Finland is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU even if not publicly traded.

**Separate company financial statements**—IFRS Standards as adopted by the EU are:

- required in the separate financial statements of companies whose securities trade in a regulated market but that do not prepare consolidated financial statements because they have no subsidiaries; and
- permitted for the separate company financial statements of other companies whose securities trade in a regulated market other than insurance companies.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to use IFRS Standards as adopted by the EU in both their consolidated and separate company financial statements, provided that they have an independent audit. Alternatively, they must follow Finnish national standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, France is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those whose securities trade in a regulated market must follow IFRS Standards as adopted by the EU.

**Separate company financial statements**—IFRS Standards as adopted by the EU are not authorised for individual/statutory accounts for any French companies. The French Plan Comptable Général applies.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** France has permitted optional application of IFRS Standards as adopted by the EU for the consolidated accounts of companies that do not trade in a regulated market since 2005. Otherwise, SMEs use the French Plan Comptable Général. The *IFRS for SMEs* Standard is not permitted.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is currently no stock exchange in The Gambia. Except for commercial banks (for which IFRS Standards are required), no specific accounting framework has been adopted in The Gambia. Consequently, IFRS Standards as issued by the Board are permitted for the consolidated and separate financial statements of all companies other than commercial banks.

**Financial institutions**—The Central Bank of the Gambia requires IFRS Standards for all commercial banks.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Because the Central Bank of The Gambia requires all commercial banks to use IFRS Standards by regulation, there is no need for endorsement of individual new or amended IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies are required to comply with the Companies Act of 1955. That Act requires companies to prepare financial statements that give a true and fair view of the state of the company's affairs and explain its transactions. There are some specific requirements for form and content of the balance sheet and profit-and-loss statement. However, the Companies Act of 1955 does not specify the accounting standards that are to be applied for financial reporting purposes. All SMEs are permitted to use the *IFRS for SMEs* Standard.

# Georgia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The 1999 Law on the Regulation of Accounting and Financial Reporting, supplemented by Regulation No. 11 adopted in 2005, adopts IFRS Standards as the accounting framework applicable in Georgia. The law was amended subsequently to adopt the *IFRS for SMEs* Standard. Listed companies are required to use full IFRS Standards.

**Financial institutions**—Banks, insurance companies, stock exchanges, security issuers and investor institutions are required to prepare financial statements using IFRS Standards and to submit those financial statements to the National Bank of Georgia.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The law requires the use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are required to use the *IFRS for SMEs* Standard, unless they are required to, or choose to, use full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Germany is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. Germany permits companies listed on public securities markets that are not regulated markets to use IFRS Standards as adopted by the EU.

**Banks and other financial institutions**—Those whose securities trade in a regulated market must follow IFRS Standards as adopted by the EU.

**Separate company financial statements**—Germany does not permit IFRS Standards as adopted by the EU for the separate financial statements of either listed or unlisted companies; national GAAP must be used.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to use German GAAP, ie the requirements of the German Commercial Code (*Handelsgesetzbuch*) or, in their consolidated financial statements, IFRS Standards as adopted by the EU.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Council of the Institute of Chartered Accountants (Ghana) voted to adopt IFRS Standards as Ghana National Accounting Standards, effective 1 January 2007. In 2010 the Institute adopted the *IFRS for SMEs* Standard.

**Financial institutions**—IFRS Standards are required for the financial statements of all government business enterprises, banks, insurance companies, securities brokers, pension funds and public utilities, whether or not their securities trade in a public market.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Institute is empowered by law to adopt accounting standards. In 2007 the Institute adopted IFRS Standards as Ghana National Accounting Standards and, in 2010, it adopted the *IFRS for SMEs* Standard. Endorsement of individual new or amended IFRS Standards is not required.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Greece is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. Application of IFRS Standards as adopted by the EU is required for subsidiaries of listed entities and financial institutions that, in total, represent more than five per cent of the consolidated turnover or the consolidated assets or the consolidated results.

**Banks and other financial institutions**—Application of IFRS Standards as adopted by the EU are required for both the consolidated and separate financial statements of banks and other financial institutions (as defined in Law 3601/2007) whether or not their securities trade in a regulated market.

**Separate company financial statements**—Application of IFRS Standards as adopted by the EU are required for the separate company financial statements of Greek companies whose securities trade in a regulated market.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to use IFRS Standards as adopted by the EU, provided that they have an independent audit by a certified auditor. All other SMEs must use Greek Accounting Standards.

# Grenada



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Grenada follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies, and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—These follow IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued by the Board for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Grenada has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# Guatemala



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Colegio de Contadores Públicos y Auditores de Guatemala (CCPA) has adopted both full IFRS Standards and the *IFRS for SMEs* Standard as the national accounting standards of Guatemala. However, those resolutions do not have the force of law. The Código de Comercio (Guatemala Commercial Code Law) refers to ‘Generally Accepted Accounting Principles in Guatemala’, not specifically to IFRS Standards. Nor is ‘Generally Accepted Accounting Principles in Guatemala’ defined, though it is often interpreted to mean the tax law. Consequently, some companies do not follow IFRS Standards or the *IFRS for SMEs* Standard but, instead, prepare financial statements based on the tax law. Financial statements prepared in accordance with the tax law are regarded as special purpose financial statements.

**Financial institutions**—Banks, insurance companies and other regulated financial enterprises are not allowed to present their financial statements based on IFRS Standards. Instead, the banking regulator (Superintendencia de Bancos) has developed national accounting manuals that contain some differences from IFRS Standards.

**Separate company financial statements**—IFRS Standards permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The CCPA adopted IFRS Standards and the *IFRS for SMEs* Standard by resolutions at its general meetings. Endorsement of individual Standards is not required.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Under the CCPA resolutions, SMEs (as defined in the *IFRS for SMEs* Standard) may choose either full IFRS Standards or the *IFRS for SMEs* Standard.

# Guinea-Bissau



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Guinea-Bissau is a member of the West African Economic and Monetary Union (the UEMOA). UEMOA members have adopted the *Système Comptable Ouest Africain* (SYSCOA, the West African Accounting System) since 1 January 1998. Guinea-Bissau is also a member of the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA). OHADA has also adopted SYSCOA. SYSCOA has significant differences from IFRS Standards. In 2009, the Council of Ministers of UEMOA created the Conseil Comptable Ouest Africain (CCOA, the West African Accounting Council). The CCOA is charged with making recommendations regarding accounting standards. The CCOA has announced a plan to converge SYSCOA towards IFRS Standards.

**Financial institutions**—Banks in the UEMOA member countries do not follow SYSCOA but, instead, follow accounting guidelines established under UEMOA banking legislation. There are differences from IFRS Standards.

**Separate company financial statements**—These follow SYSCOA.

## IFRS endorsement

**Which standards do companies follow?** SYSCOA or other national standards.

**The auditor's report asserts compliance with**—National standards.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs in Guinea-Bissau follow SYSCOA. The *IFRS for SMEs* Standard is under consideration as part of CCOA's project to reform SYSCOA.

# Guyana



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required for all companies listed on the Guyana Stock Exchange. The IFRS Standards requirement was adopted both by the Institute of Chartered Accountants of Guyana (ICAG) and by the rules of the Guyana Stock Exchange.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards or the *IFRS for SMEs* Standard, as applicable.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The adoption of IFRS Standards by the ICAG covers all new and amended Standards, so endorsement of individual new or amended IFRS Standards is not required.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Guyana has adopted the *IFRS for SMEs* Standard. Companies that meet the definition of SMEs may choose to follow either full IFRS Standards or the *IFRS for SMEs* Standard.

# Honduras



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is no stock exchange in Honduras. Since 1 January 2012, all entities other than banks and financial institutions have been required to choose either full IFRS Standards or the *IFRS for SMEs* Standard.

**Financial institutions**—Banks and other financial institutions that are regulated by the Comisión Nacional de Bancos y Seguros (the CNBS) are required to follow accounting standards issued by the CNBS. The CNBS is currently considering adoption of IFRS Standards for banks and other financial institutions.

**Separate company financial statements**—Entities other than banks and financial institutions must choose either full IFRS Standards or the *IFRS for SMEs* Standard.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New and amended Standards are published in *La Gaceta* (the Official Gazette of the Republic of Honduras) following review by the Junta Técnica de Normas de Contabilidad y de Auditoría (the JUNTEC, the national professional accountancy organisation of Honduras).

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are required to choose either full IFRS Standards or the *IFRS for SMEs* Standard.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Hong Kong-incorporated companies whose securities trade in a public market are required to use Hong Kong Financial Reporting Standards (HKFRS), which are virtually identical to IFRS Standards. A company that is domiciled in Hong Kong but that is incorporated outside Hong Kong is permitted to use either HKFRS or IFRS Standards as issued by the Board.

**Separate company financial statements**—HKFRS or IFRS Standards as explained above.

## IFRS endorsement

**Which standards do companies follow?** Listed companies use either HKFRS, virtually identical to IFRS Standards, or IFRS Standards as issued by the Board. Approximately 250 companies from China are listed on the Stock Exchange of Hong Kong. Approximately 85 per cent of those companies use IFRS Standards as issued by the Board or HKFRS; the others use Chinese accounting standards.

**The auditor's report asserts compliance with**—HKFRS or IFRS Standards (if the company is incorporated outside Hong Kong and uses IFRS Standards as issued by the Board).

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New or amended IFRS Standards are adopted as HKFRS by the Council of the Hong Kong Institute of Certified Public Accountants following a comprehensive due process that invites comments on IFRS Standards and proposals. For the Hong Kong companies incorporated outside Hong Kong that use IFRS Standards as issued by the Board, local endorsement of new or amended Standards is not required.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** An SME (as defined in the *IFRS for SMEs* Standard) may choose (a) HKFRS (which are identical to IFRS Standards), (b) IFRS Standards as issued by the Board (if the SME is incorporated outside Hong Kong), (c) the *HKFRS for Private Entities*, which is nearly identical to the *IFRS for SMEs* Standard, or (d) a Hong Kong incorporated company that is not a holding company or a subsidiary in itself has the option to use the *Hong Kong Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (SME-FRF & SME-FRS)*.

# Hungary



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Hungary is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those whose securities trade in a regulated market must follow IFRS Standards as adopted by the EU.

**Separate company financial statements**—Hungarian statutory standards are required in the separate company financial statements of all companies, publicly traded and private. Companies are permitted to prepare separate company financial statements using IFRS Standards as adopted by the EU as supplemental financial statements in addition to their separate company financial statements using Hungarian statutory standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs within the scope of Act C of 2000 on Accounting must follow the accounting requirements of that Act, except that, as provided in that Act, they may also choose IFRS Standards as adopted by the EU.

# Iceland



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EEA, Iceland is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Those whose securities trade in a regulated market must follow IFRS Standards as adopted by the EU. In addition, use of IFRS Standards as adopted by the EU is required in the financial statements of all non-publicly traded mutual funds and collective investment schemes. Pension funds are permitted to use IFRS Standards as adopted by the EU.

**Separate company financial statements**—IFRS Standards as adopted by the EU are required in the separate financial statements of a company whose securities do not trade in a regulated market if that company is part of a consolidated group that uses IFRS Standards. IFRS Standards as adopted by the EU are permitted in the separate financial statements of other companies whose securities trade in a regulated market.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards as adopted by the EU are permitted in both the consolidated and separate financial statements of large and medium-sized companies whose securities do not trade in a regulated market. Otherwise SMEs follow Icelandic statutory accounting requirements.

# India



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—India has not adopted IFRS Standards. India has adopted Indian Accounting Standards (Ind AS) that are based on and substantially converged with IFRS Standards as issued by the Board. All companies, including unlisted companies, are permitted to use Ind AS for accounting periods beginning on or after 1 April 2015. Ind AS is being phased in for listed companies (other than those on the SME Exchange) and large unlisted companies in 2016 and 2017. Companies that do not use Ind AS will continue to apply existing Accounting Standards, which will be upgraded by the Institute of Chartered Accountants of India (the ICAI). Some companies may voluntarily provide investors with IFRS financial statements in addition to preparing Ind AS financial statements.

**Financial institutions**—On 18 January 2016, the Government of India announced that commercial banks, insurance companies, and non-bank finance companies will be required to prepare their financial statements using Ind AS starting 1 April 2018. Urban Cooperative Banks (UCBs) and Regional Rural Banks (RRBs) will not apply Ind AS but, rather, will continue to comply with their existing accounting standards.

**Separate company financial statements**—Entities that use Ind AS must also use them in separate financial statements.

## IFRS endorsement

**Which standards do companies follow?** Ind AS, which are substantially converged with IFRS Standards.

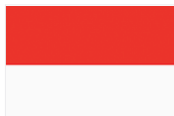
**The auditor's report asserts compliance with**—Ind AS.

**Modifications to IFRS Standards**—Ind AS are IFRS Standards as issued by the Board with some modifications, including changes of terminology; elimination of options, addition of disclosures; elimination of disclosures that are considered to be contradictory to local law, elimination of other disclosures, addition of presentation requirements, addition of (and, in some cases, deletion of) examples and modifications of principles for recognising assets, liabilities, income and expenses. Some of those modifications are mandatory, and some are optional. Each individual Ind AS contains an Appendix that explains the modifications.

**Endorsement process for new or amended Standards?** The ICAI prepares an exposure draft of the Ind AS on the basis of IFRS Standards. After considering comments, the proposed final Ind AS is approved by the ICAI Council and then adopted by the Ministry of Corporate Affairs via public notification.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Companies that do not use Ind AS apply existing Accounting Standards, which will be upgraded by the ICAI.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Listed companies follow Indonesian Financial Reporting Standards (SAK). The standard-setter has been converging SAK towards IFRS Standards. As a result of the first phase of the IFRS convergence process, SAK as at 1 January 2012 are substantially in line with IFRS Standards as at 1 January 2009, but there are a number of differences, and several IFRS Standards and IFRIC Interpretations do not have SAK equivalents.

The Indonesian Financial Accounting Standards Board (the DSAKIAI) is currently progressing with the second phase of the IFRS convergence process. The objective of this phase is to minimise further the gap between SAK and IFRS Standards from three years to one year. This would make SAK as at 1 January 2015 substantially in line with IFRS Standards as at 1 January 2014, again with some exceptions.

Currently there are two tiers of GAAP that are established in Indonesia:

- Tier 1—SAK, for listed companies and other entities with significant public accountability; and
- Tier 2—SAK ETAP, for entities with no significant public accountability.

**Separate company financial statements**—SAK.

## IFRS endorsement

**Which standards do companies follow?** SAK.

**The auditor's report asserts compliance with**—SAK.

**Modifications to IFRS Standards**—Not applicable, because Indonesia has not adopted IFRS Standards.

**Endorsement process for new or amended Standards?** Indonesia does not have a process for endorsing IFRS Standards. However, DSAK IAI as the national standard-setting body has established a due process for gradually converging the Indonesian Financial Accounting Standards with IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** *Indonesian Financial Accounting Standard for Entities without Public Accountability.*



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The Accounting Organization of Iran (the AOI) requires large listed companies to apply IFRS Standards (with two optional modifications) starting with Iranian year 1395, which is the financial year beginning 20 March 2016 according to the Gregorian calendar.

Other listed companies are permitted, but not required, to adopt IFRS Standards (with two optional modifications) from 1395. Such companies will be required to apply IFRS Standards (with the two modifications) from 1396 (that is, financial years beginning March 2017).

The AOI requires all banks, insurance companies, and other financial institutions (whether listed or not) to use IFRS Standards from the beginning of Iranian year 1395 (20 March 2016).

Unlisted companies are required to follow Iranian National Standards for the present, but the AOI has indicated a long-term plan to require IFRS Standards as well.

**Separate company financial statements**—Separate company financial statements must conform to Iranian National Accounting Standards. Separate company financial statements are used to report information to the tax authority.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the IASB with two optional modifications.

**The auditor's report asserts compliance with**—IFRS Standards as endorsed in the Islamic Republic of Iran. If a company does not use the optional modifications, its audit report will state compliance with IFRS Standards without referring to endorsement.

**Modifications to IFRS Standards**—Two optional modifications permitting (a) goodwill amortisation and (b) investments in unquoted equity instruments to be measured at cost subject to write-down for impairment.

**Endorsement process for new or amended Standards?** The AOI has adopted IFRS Standards for specified companies. Endorsement of individual new or amended IFRS Standards is not necessary.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are required to use Iranian National Accounting Standards. The *IFRS for SMEs* Standard is under consideration.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Full IFRS Standards must be used by companies whose securities are publicly traded and also by:

- private banks;
- private shared companies; and
- consultancy companies.

Other companies whose securities are not publicly traded must use either full IFRS Standards or the *IFRS for SMEs* Standard.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Iraqi Company Law (Number 21, year 1997, phase 133) requires all companies to apply IFRS Standards. This applies to all new and amended Standards as well as Standards in force when the law was adopted.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Private banks, private shared companies and consultancy companies must use full IFRS Standards. Other SMEs (simple companies and individual projects) are permitted to use either full IFRS Standards or the *IFRS for SMEs* Standard.

# Ireland



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Ireland is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. In Ireland:

- issuers on the Enterprise Securities Market (the ESM, an equity market designed for small-to medium-sized growth companies that is not an EU 'regulated securities market') that are incorporated in the Republic of Ireland or elsewhere in the EEA and that are parent companies are required by ESM rules to apply IFRS Standards as adopted by the EU; and
- issuers on the Global Exchange Market (the GEM, a specialist debt market) that are incorporated in the Republic of Ireland or elsewhere in the EEA are permitted by GEM rules to apply IFRS Standards as adopted by the EU.

**Banks and other financial institutions**—They must follow IFRS Standards as adopted by the EU if they trade on a regulated market or ESM.

**Separate company financial statements**—IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Under an administrative arrangement with the UK Financial Reporting Council, Irish SMEs can use United Kingdom Financial Reporting Standards or IFRS Standards as adopted by the EU.

# Israel



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—All domestic companies whose securities trade in a public market only in Israel are required to use IFRS Standards, except for banking institutions (listed and unlisted, including credit card companies). Banking institutions are subject to the reporting requirements of the Banking Supervision Department of the Bank of Israel. As such, they are required to apply only some Standards that are not related to their core banking business. That is, essentially, banks do not apply the IFRS financial instruments Standards or pension Standards. Instead, banks are required to follow standards that are similar to US GAAP in those areas. Domestic companies whose securities are traded both in Israel and in specified other stock exchanges (dual-listed companies) are allowed to file in Israel financial statements according to IFRS Standards, IFRS Standards as adopted by the EU or US GAAP.

**Financial institutions**—See above.

**Separate company financial statements**—Separate financial statements in conformity with IFRS Standards are not required or generally published. Instead, companies whose securities trade in a public market release selected data on a separate-company basis in accordance with specific requirements stated in the Israeli Securities Regulations.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The text of any new or amended Standards is automatically incorporated into the Israeli regulations under which IFRS Standards were adopted, and there is no need for specific incorporation or endorsement of new or amended Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs (as defined in the *IFRS for SMEs* Standard as issued by the Board) are permitted to use the *IFRS for SMEs* Standard. SMEs that do not use the *IFRS for SMEs* Standard are permitted to use either full IFRS Standards or Israeli GAAP as issued by the Israel Accounting Standards Board or US GAAP (US GAAP is used mainly by companies in the high-tech industries).



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Italy is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Banks, financial institutions and issuers of financial instruments widely distributed among the public are required to apply IFRS Standards as adopted by the EU in their consolidated and separate financial statements, even if they do not trade on a regulated exchange. Insurance companies must apply IFRS Standards as adopted by the EU only in their consolidated financial statements or, if they have no subsidiaries, in their separate financial statements.

**Separate company financial statements**—Use of IFRS Standards as adopted by the EU is required in the separate financial statements of companies whose securities are traded in a regulated market (see above for insurance companies).

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs that prepare consolidated financial statements are permitted to apply IFRS Standards as adopted by the EU in their consolidated financial statements and, if they do so, in their separate financial statements. Otherwise SMEs follow national GAAP.

# Jamaica



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required. The Institute of Chartered Accountants of Jamaica (ICAJ) has adopted both IFRS Standards and the *IFRS for SMEs* Standard as Jamaican national standards.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Because IFRS Standards have been adopted by Resolution of the membership of the ICAJ, it is not necessary to endorse individual new and amended Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.

# Japan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Listed companies may use Japanese Accounting Standards, Japan's Modified International Standards, IFRS Standards or US GAAP. Voluntary application of IFRS Standards in consolidated financial statements by listed companies that meet certain criteria has been permitted since March 2010. In 2013 those criteria were broadened to permit virtually all listed companies to use IFRS Standards, as well as unlisted companies that are preparing consolidated financial statements for listing purposes. As of June 2016, 141 companies (accounting for 29 per cent of the Tokyo Stock Exchange market capitalisation) have adopted or plan to adopt IFRS Standards. An additional 233 companies (19 per cent of the Tokyo Stock Exchange market capitalisation) have announced that they are considering whether to move to IFRS Standards.

**Financial institutions**—IFRS Standards are permitted.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** IFRS Standards are adopted by the Commissioner of the Financial Services Agency through a formal process of endorsement that is prescribed by the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Japanese Accounting Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Jordanian Companies Law, and regulations issued by the Jordanian Securities Commission, the Central Bank of Jordan and the Jordanian Insurance Commission all require IFRS Standards for regulated companies under their jurisdiction.

**Financial institutions**—Financial institutions regulated by the Central Bank of Jordan and insurance companies regulated by the Jordanian Insurance Commission must use full IFRS Standards.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—The revaluation model in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* and the fair value through profit or loss model in IAS 40 *Investment Property* are not permitted. These options were eliminated by regulators because active markets did not exist in Jordan for property and intangibles. Elimination of the options is regarded as temporary and may be cancelled if the regulators' concerns are mitigated in the coming years. Financial statements nonetheless are in full compliance with IFRS Standards.

**Endorsement process for new or amended Standards?** The law and regulations require the use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Full IFRS Standards are required by regulation for public shareholding companies regulated by the Jordanian Securities Commission, for financial institutions regulated by the Central Bank of Jordan and for insurance companies regulated by the Jordanian Insurance Commission. Other companies may use full IFRS Standards or they may use the *IFRS for SMEs* Standard even though the *IFRS for SMEs* Standard has not yet been formally adopted.

# Kazakhstan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Full IFRS Standards are mandatory for financial statements of all listed companies as well as large business enterprises (more than 250 employees or annual revenue more than approximately \$20 million) and public-interest companies, including all financial institutions.

Medium-sized business enterprises and state enterprises are required to use either full IFRS Standards or the *IFRS for SMEs* Standard. Small enterprises must choose between full IFRS Standards, the *IFRS for SMEs* Standard, and a national standard developed by the Ministry of Finance (the MoF).

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the IASB.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Both the MoF and the National Bank of Kazakhstan have adopted IFRS Standards for specified companies. Endorsement of individual new or amended IFRS Standards is not necessary.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies not required to use full IFRS Standards have a choice of full IFRS Standards or the *IFRS for SMEs* Standard. Small enterprises also may choose to use a national standard developed by the MoF.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Institute of Certified Public Accountants of Kenya (the ICPAK) has adopted IFRS Standards and the *IFRS for SMEs* Standard as the national accounting standards of Kenya. Further, the listing rules of the Nairobi Securities Exchange require use of IFRS Standards.

**Financial institutions**—Requirements to use IFRS Standards are incorporated into Regulations issued by various governmental regulatory bodies, including the Central Bank of Kenya's prudential guidelines and regulatory guidelines issued by the Insurance Regulatory Authority of Kenya (the IRA), the Capital Markets Authority of Kenya (the CMA) and the Retirement Benefits Authority.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Standards become effective on their respective effective dates as issued by the Board. While the Council of the ICPAK maintains the right to make changes to Standards, it has not made any modifications to date.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All entities that are not publicly accountable and prepare general purpose financial statements are permitted to apply the *IFRS for SMEs* Standard. Alternatively, they may use full IFRS Standards. The ICPAK has designated certain entities as being publicly accountable. Those entities cannot use the *IFRS for SMEs* Standard. Instead, they must use full IFRS Standards. Publicly accountable entities include, but are not limited to:

- entities whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or are in the process of issuing such instruments for trading in a public market;
- entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses;
- public organisations that are owned in whole or in part by the State or that are otherwise controlled directly or indirectly by the State; and
- private organisations in which the State has a non-controlling equity interest.

# South Korea



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—All listed companies on the Korea Exchange are required to apply IFRS Standards adopted as Korean International Financial Reporting Standards. This includes companies that intend to have their stock listed during the following year or the next year.

**Financial institutions**—IFRS Standards are required for financial institutions whether or not their securities are publicly traded (including banks, insurance companies, financial holding companies, credit card companies, investment traders, investment brokers, collective investment business entities and trust business entities) and state-owned companies.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—Korean International Financial Reporting Standards.

**Modifications to IFRS Standards**—None. South Korea has added some presentation and disclosure requirements that do not affect the full compliance with IFRS Standards as issued by the IASB.

**Endorsement process for new or amended Standards?** The Act on External Audit of Stock Companies provides the legal basis for IFRS Standards that are translated by the Korea Accounting Standards Board (the KASB), exposed for public comment and then endorsed by the government.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Unlisted companies (other than financial institutions) that are subject to external audit are required to use Korean GAAP (known as *Accounting Standards for Non-Public Entities*), unless they choose to use full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is no stock exchange in Kosovo. Law No.04/L-014 on Accounting, Financial Reporting and Audit requires all business organisations registered as limited liability companies or shareholder companies in Kosovo to apply IFRS Standards as approved by the Kosovo Council for Financial Reporting (the KCFR).

**Financial institutions**—IFRS Standards required.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board and approved by the KCFR. If, for any reason, the KCFR has not approved a particular Standard (which has not happened), the law nonetheless permits any business organisation to prepare its financial statements in conformity with IFRS Standards as issued by the Board if it informs the KCFR that it has done so.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The KCFR reviews each new and amended Standard after it has been translated into Albanian by the National Accounting Council of Albania. The KCFR approves IFRS Standards for use in Kosovo.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Currently, all business organisations registered as limited liability companies or shareholder companies in Kosovo are required to apply IFRS Standards as approved by the KCFR. A working group is considering whether to recommend adoption of the *IFRS for SMEs* Standard.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—By Ministerial Decree, all companies that fall under the purview of the Kuwait Commercial Companies Law and other institutions are required to use IFRS Standards in the preparation of financial statements, not only publicly traded companies.

**Banks, insurance companies and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. By Ministerial Decree, new or amended IFRS Standards are automatically effective when they are issued by the Board for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies that fall under the purview of the Kuwait Commercial Companies Law must follow IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Latvia is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Latvia requires IFRS Standards as adopted by the EU in both the consolidated and separate company financial statements of all banks, insurance commercial companies and other supervised financial institutions, including those whose securities do not trade in a regulated market.

**Separate company financial statements**—The use of IFRS Standards as adopted by the EU is (a) required in the separate company financial statements of companies whose securities trade on the official list and (b) permitted in the separate company financial statements of companies whose securities trade on the secondary and free lists.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Companies not required to use IFRS Standards as adopted by the EU prepare their financial statements in accordance with the Latvian Law on Annual Reports.

# Lesotho



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—There is no stock exchange in Lesotho. The Companies Act of 2011 (Section 95) states that ‘the accounts of a company shall be prepared in accordance with the financial reporting framework prescribed by the Lesotho Institute of Accountants’ (the LIA). The Council of the LIA voted for the adoption of IFRS Standards in 2001 and for the adoption of the *IFRS for SMEs* Standard in 2009, in both cases without any modifications to the Standards. The Council further directed that all future amendments to Standards and any additional Standards will automatically be adopted.

**Financial institutions**—IFRS Standards required.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The law requires the use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.

# Liberia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is no stock exchange in Liberia. The Central Bank of Liberia has required all commercial banks operating in Liberia to prepare their financial statements using IFRS Standards since 2013. This includes separate company financial statements. All other companies will be required by the Liberian Institute of Certified Public Accountants (the LICPA) to use either full IFRS Standards or the *IFRS for SMEs* Standard effective 31 December 2018, with earlier application encouraged. This includes separate company financial statements.

**Separate company financial statements**—IFRS Standards are or will be required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Both the Central Bank of Liberia and the LICPA mandate the use of IFRS Standards and the *IFRS for SMEs* Standard. Endorsement of individual new or amended IFRS Standards is not necessary.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are required to use either the *IFRS for SMEs* Standard or full IFRS Standards effective 31 December 2018, with earlier application encouraged.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EEA, Liechtenstein is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. Liechtenstein permits IFRS Standards as adopted by the EU in the separate financial statements of companies whose securities trade in a regulated market. (There is no regulated market in Liechtenstein. Some Liechtenstein companies trade on the Deutsche Börse, a regulated market in Germany.)

**Financial institutions**—All must follow IFRS Standards as adopted by the EU if they trade on a regulated market.

**Separate company financial statements**—The use of IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs in Liechtenstein are permitted to use IFRS Standards as adopted by the EU in both their consolidated and separate financial statements. Alternatively, SMEs may follow the accounting requirements of the European Accounting Directives, which have been transposed into Liechtenstein law.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Lithuania is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—IFRS Standards as adopted by the EU are required in both the consolidated and separate company financial statements of banks, insurance commercial companies and other supervised financial institutions (including those whose securities do not trade in a regulated market).

**Separate company financial statements**—IFRS Standards as adopted by the EU are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose IFRS Standards as adopted by the EU or Business Accounting Standards (the national accounting standards) prepared and approved by the Lithuanian Audit and Accounting Authority.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Luxembourg is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU if they trade on a regulated market.

**Separate company financial statements**—IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to choose between:

- IFRS Standards as adopted by the EU; and
- Luxembourg statutory requirements derived from the EU accounting directives, as set out in:
  - the amended Law on Commercial Companies of 10 August 1915 (consolidated accounts); and
  - the Law on the Commercial and Companies Register and on the Accounting Records and the Annual Accounts of Undertakings of 19 December 2002 (annual accounts).



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—There is no stock exchange in Macao. Macao has no plan for full adoption of IFRS Standards. It has selectively adopted individual Standards into its accounting framework as Macau Accounting Standards (MAS), which became compulsory on or after 1 January 2007. Macao plans to continue the adoption of IFRS Standards on a case-by-case basis. To date, Macao has adopted one IFRS Standard and 15 Standards that were in effect in 2006. The application of MAS is mandatory for all establishments that have been granted concessionary status by the Macao Government, as well as for financial institutions and companies limited by shares in Macao.

**Financial institutions**—MAS required.

**Separate company financial statements**—MAS required.

## IFRS endorsement

**Which standards do companies follow?** MAS.

**The auditor's report asserts compliance with**—MAS.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may use MAS or any other accounting framework.

# Macedonia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Trade Company Law requires IFRS Standards as published in the *Official Gazette of the Republic of Macedonia* for all of the following:

- commercial entities listed on the stock exchange;
- large and medium-sized commercial entities;
- commercial entities specified by law;
- commercial entities performing banking activities or insurance activities; and
- all subsidiaries of the above.

Currently, IFRS Standards issued after 1 January 2009 have not been translated into Macedonian or published in the *Official Gazette*.

All other entities are obliged to use the *IFRS for SMEs* Standard as published in the *Official Gazette*.

**Financial institutions**—IFRS Standards are required for commercial entities performing banking and insurance activities.

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—While Macedonia has not eliminated options or made modifications, the most recent Standards published in the *Official Gazette* are those issued on or before 1 January 2009.

**Endorsement process for new or amended Standards?** The Minister of Finance reviews new and amended Standards and publishes them in the *Official Gazette*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs, except those required to use full IFRS Standards under the Trade Company Law, are required to use the *IFRS for SMEs* Standard. Full IFRS Standards are required for:

- commercial entities listed on the stock exchange;
- large and medium-sized commercial entities;
- commercial entities specified by law;
- commercial entities performing banking activities or insurance activities; and
- all subsidiaries of the above.

# Madagascar



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—There is no stock exchange in Madagascar. Madagascar has not yet adopted IFRS Standards or the *IFRS for SMEs* Standard. Unlisted companies follow the National Accounting Plan ‘PCG 2005-Consistent IAS/IFRS’. PGC 2005 was developed by the Conseil Supérieur de la Comptabilité (the CSC, the Higher Council of Accounting) in 2005 and there are plans to update it. The CSC has stated that in developing PGC 2005 it tried to ‘base those standards on IFRS’ Standards as published in 2004. PGC 2005 permits any entity to choose to apply full IFRS Standards or the *IFRS for SMEs* Standard. Thus, all companies have the choice of PGC 2005, full IFRS Standards or the *IFRS for SMEs* Standard.

**Separate company financial statements**—There is no requirement for groups to prepare consolidated financial statements. The use of IFRS Standards is permitted.

## IFRS endorsement

**Which standards do companies follow?** PGC 2005.

**The auditor’s report asserts compliance with**—PGC 2005.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs use PGC 2005, which permits any entity to choose to apply full IFRS Standards or the *IFRS for SMEs* Standard. Thus, SMEs have the choice of PGC 2005, full IFRS Standards or the *IFRS for SMEs* Standard.

Very small-sized entities—those with an annual turnover less than MGA 20 million (around EUR7,200)—keep their accounting records according to the minimum system of cash (the *Système Minimal de Trésorerie* (SMT)), a system similar to a cash basis of accounting, and the financial statements are simplified.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required for all publicly accountable entities. Publicly accountable entities include:

- listed companies;
- companies whose articles of incorporation permit unrestricted transfer of shares;
- companies that hold assets in a fiduciary capacity for a broad group of outsiders, such as a bank, an insurance entity, a securities dealer/broker, a pension fund or a mutual fund;
- companies owned by the Government;
- companies legally required to publish general purpose financial statements in any public media; and
- material subsidiaries of an entity with public accountability.

All other commercial organisations (except very small ones) are permitted to use full IFRS Standards or the *IFRS for SMEs*.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards and the requirements of the Malawi Companies Act.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement of individual new or amended IFRS Standards is not needed. The Institute of Chartered Accountants in Malawi has adopted IFRS Standards and the *IFRS for SMEs* Standard as the applicable accounting frameworks in Malawi. This means that all new or amended IFRS Standards are automatically adopted in Malawi.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies incorporated under the Companies Act that do not have public accountability (see above) are required to use the *IFRS for SMEs* Standard unless they choose to use full IFRS Standards. There is no separate national GAAP in Malawi.

# Malaysia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—All public entities in Malaysia, including financial institutions and listed companies, are required to apply the Malaysian Financial Reporting Standards the MFRS Framework (the MFRS Framework), which is virtually identical to IFRS Standards. Most such entities began using the MFRS Framework for annual periods beginning on or after 1 January 2012. Some agricultural and real estate companies had the option to defer the MFRS Framework until 2017. The Malaysian Accounting Standards Board (the MASB) intends to maintain the identity of MFRS and IFRS Standards going forward by adopting all new or amended IFRS Standards.

**Financial institutions**—MFRS (virtually identical to IFRS Standards) are required.

**Separate company financial statements**—MFRS (virtually identical to IFRS Standards) is required.

## IFRS endorsement

**Which standards do companies follow?** The MFRS Framework (virtually identical to IFRS Standards as issued by the Board).

**The auditor's report asserts compliance with**—MFRS. However, financial statements that comply with the MFRS Framework are required to include an explicit and unreserved statement of compliance with IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Financial Reporting Act (the FRA) 1997 empowers the MASB to issue accounting standards for application in Malaysia. Under the FRA, financial statements that are prepared or lodged with the Central Bank, the Securities Commission or the Registrar of Companies are required to comply with the standards issued by the MASB. Consequently, the accounting standards issued by the MASB are given the force of law. The MASB must make a public announcement when a new or amended MFRS, that is equivalent to a new or amended IFRS Standards is issued so as to give the standard the legal status of MASB Approved Accounting Standards under the FRA.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Private entities not required to use MFRS must choose between the Malaysian Private Entities Reporting Standard (the MPERS) or MFRS in its entirety. The MPERS is identical to the *IFRS for SMEs* Standard except for the requirements for property development activities and some minor terminology changes.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required. The Companies Act, the Banking Act, the Business Profit Tax Act and regulations issued by the Maldives Inland Revenue Authority (the MIRA) and the Capital Market Development Authority (the CMDA) all require IFRS Standards. In practice, reference to IFRS Standards in laws and regulations has been interpreted to include the *IFRS for SMEs* Standard.

**Financial institutions**—IFRS Standards are required by the Banking Act.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New and amended Standards are automatically required by the various laws and regulations adopting IFRS Standards and the *IFRS for SMEs* Standard.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies not required by regulation to use full IFRS Standards may elect to use full IFRS Standards or the *IFRS for SMEs* Standard.

# Malta



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Malta is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—The use of IFRS Standards as adopted by the EU is required in both the consolidated and separate company accounts of all banks, insurance companies, other supervised financial institutions and some large companies.

**Separate company financial statements**—IFRS Standards as adopted by the EU are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Some large non-public companies are required to use full IFRS Standards as adopted by the EU. All other SMEs may use either full IFRS Standards as adopted by the EU or national standards for SMEs.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Companies Act 2001 requires all companies with annual revenue over MUR 50 million (approximately \$1.5 million) to use IFRS Standards. However, if the company is not a public interest entity (a PIE), it is allowed to use the *IFRS for SMEs* Standard. PIEs are:

- all companies that are listed on the Mauritius Stock Exchange;
- some financial institutions regulated by the Bank of Mauritius or by the Financial Services Commission; and
- companies that exceed two quantitative thresholds in the two consecutive preceding periods: annual revenue of more than MUR 200 million (approximately \$6 million), total assets of more than MUR 500 million (approximately \$7 million) and a number of employees greater than 50.

**Financial institutions**—IFRS Standards are required for some (see above).

**Separate company financial statements**—IFRS Standards required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The law requires the use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs with annual revenue more than 50 million rupees that are PIEs must use full IFRS Standards. Those that are not PIEs may choose either full IFRS Standards or the *IFRS for SMEs* Standard. There is no prescribed accounting framework for those SMEs with annual revenue of less than MUR 50 million.

# Mexico



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards were adopted by the Comisión Nacional Bancaria y de Valores (the CNBV, the National Banking and Securities Commission of Mexico) for listed companies other than financial institutions and insurance companies effective for annual reporting periods beginning on or after 1 January 2012. This applies both to entities that prepare consolidated financial statements and to entities that are not required to prepare consolidated financial statements because they do not have subsidiaries.

**Financial institutions**—Companies within the financial and insurance sectors use Mexican Financial Reporting Standards (MFRS) and certain requirements established by the CNBV and the National Insurance and Bonding Commission (the CNSF).

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** No endorsement process has been established beyond the initial CNBV regulation requiring IFRS Standards. Mexican companies that use IFRS Standards apply the official English version of IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** There are no restrictions for SMEs in Mexico to use any accounting standards such as MFRS, IFRS Standards or US GAAP. Traditionally, MFRS has been used by most SMEs.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are required for all public interest entities even if their securities do not trade in a public market. Public interest entities are financial entities, investment funds, insurance companies, private pension funds and entities whose shares are traded on the stock exchange.

**Separate company financial statements**—IFRS Standards are required in the separate financial statements of public interest entities (see above).

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Government of Moldova Decision No. 238/29.02.2008 authorises the Minister of Finance to (a) negotiate contractual details with the IFRS Foundation and (b) adopt procedures for endorsing and implementing individual Standards. Endorsement of IFRS Standards by the Minister of Finance involves approval of specific standards as adopted in Moldova. Normally, IFRS Standards updates received from the Foundation are posted on the Ministry of Finance website within 15 days of when they are received.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are permitted to use IFRS Standards. Alternatively, SMEs may use Moldovan National Accounting Standards.

# Mongolia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Accounting Law approved by the Parliament in 1993 requires all entities to prepare their financial reports in accordance with IAS Standards. However, in practice, it has been only since late 2000 that listed companies have begun to use IFRS Standards in full.

Most reports of audits done by international auditing firms state that public companies are preparing their financial statements in conformity with IFRS Standards. Most SMEs prepare the financial statements under the Mongolian Accounting Regulation that was approved by the Minister of Finance instead of IFRS Standards. The *IFRS for SMEs* Standard has not been adopted in Mongolia.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards. Dual reporting of conformity with both IFRS Standards and the Accounting Regulation is common.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** New and amended Standards are covered by the Accounting Law approved by the Parliament in 1993, which requires all entities to prepare their financial reports in accordance with IFRS Standards. Individual endorsement is not needed.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs use either IFRS Standards or the Accounting Regulation adopted by the Ministry of Finance. The Ministry of Finance is considering the adoption of the *IFRS for SMEs* Standard.

# Montenegro



## **Accounting standards required for publicly accountable entities (listed companies and financial institutions)**

**Listed companies**—IFRS Standards.

**Banks, insurance companies and other financial institutions**—IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## **IFRS endorsement**

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** IFRS Standards are required by law. This covers all new and amended IFRS Standards. There is no need to incorporate individual new or amended IFRS Standards into law or regulations.

## **Accounting standards required for SMEs**

**Which standards do SMEs follow?** The Law on Accounting and Auditing requires all companies in Montenegro to use IFRS Standards.

# Montserrat



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Montserrat follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies and other financial institutions**—IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Montserrat has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# Myanmar



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The Yangon Stock Exchange (the YSX) was launched in December 2015. Website—<http://ysx-mm.com/en/> Additionally, an over-the-counter market has developed for the shares of some companies; those companies are regarded as publicly accountable. Companies listed on the YSX and companies trading in the over-the-counter market are required to use Myanmar Financial Reporting Standards, which are identical to the 2010 versions of IFRS Standards. MFRS are adopted by the Myanmar Accountancy Council.

**Financial institutions**—MFRS (2010 versions of IFRS Standards) required.

**Separate company financial statements**—MFRS (2010 versions of IFRS Standards) required.

## IFRS endorsement

**Which standards do companies follow?** The 2010 version of IFRS Standards as issued by the Board, adopted as MFRS.

**The auditor's report asserts compliance with**—MFRS.

**Modifications to IFRS Standards**—None. However, IFRS Standards were adopted as of 2010 and have not been updated since.

**Endorsement process for new or amended Standards?** The Council has a policy to consider new and amended Standards within one year after they are issued. The Council seeks the views of others, including the Myanmar Institute of Chartered Public Accountants. Approved MFRSs are published in the Official Gazette.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** MFRS (which are identical to the 2010 version of IFRS Standards) are permitted. Alternatively, SMEs may use the *MFRS for SMEs*, which is identical to the *IFRS for SMEs* Standard.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required for all publicly accountable entities and entities that represent the public interest, whether or not their securities are publicly traded. Such entities include:

- an entity that takes deposits or loans from the public;
- an entity that offers its shares to the public;
- an entity that has an essential public responsibility or provides essential public service;
- an entity that holds assets in a fiduciary capacity for a broad group of outsiders, such as a bank, an insurance company, a securities broker-dealer, a pension fund, a mutual fund or investment banking entity; and
- an entity that is economically significant on the basis of criteria such as total assets, total income, number of employees, degree of market dominance, and nature and extent of external borrowings.

All other commercial organisations (except very small ones) are permitted to use full IFRS Standards or the *IFRS for SMEs*.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The original adoption of IFRS Standards by the Institute of Chartered Accountants of Namibia (the ICAN) was comprehensive, meaning that new and amended IFRS Standards issued subsequently are automatically adopted without the need for individual endorsement.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Entities without public accountability and that do not represent the public interest may choose:

- full IFRS Standards.
- the IFRS for SMEs Standard.
- the Eastern Central and Southern African Federation of Accountants Guide on Financial Reporting for Small and Medium-Sized Entities, which was adopted by ICAN as NAC 001. ICAN is currently reviewing the option for entities without public accountability to use NAC 001.

# Nepal



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards adopted as Nepal Financial Reporting Standards (NFRS) are required. NFRS are being implemented for listed companies and government-owned business entities (state owned enterprises) over a three-year period starting in 2014. Full implementation of NFRS was completed in 2016.

**Financial institutions**—IFRS Standards adopted as NFRS are required.

**Separate company financial statements**—IFRS Standards adopted as NFRS are required.

## IFRS endorsement

**Which standards do companies follow?** NFRS, which are identical to IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—NFRS.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Preface to NFRS states:

When IASB revises amends or withdraws an IFRS Standard (including Interpretations), such revision, amendments, and withdrawals shall accordingly be treated as effected with immediate revision, amendments, and withdrawals in NFRS by ASB as well to the extent not in conflict with existing National laws.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose (a) IFRS Standards adopted as NFRS or (b) a set of older Nepal Accounting Standards with certain exemptions and simplifications for SMEs. The older Nepal Accounting Standards will continue to be available to such entities until the *NFRS for SMEs* is developed. The *NFRS for SMEs* is currently under development.

# Netherlands



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, the Netherlands is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks, and other financial institutions**—All must follow IFRS Standards as adopted by the EU if they trade on a regulated market.

**Separate company financial statements**—IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The Netherlands permits application of IFRS Standards as adopted by the EU for both the consolidated and separate company accounts of companies that do not trade in a regulated market. Otherwise, SMEs must use national GAAP developed by the Dutch Accounting Standards Board.

# New Zealand



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—New Zealand has adopted New Zealand equivalents to IFRS Standards, NZ-IFRS, for all for-profit entities that have public accountability and for all large for-profit public sector entities. NZ-IFRS is virtually identical to IFRS Standards as issued by the Board with three additional New Zealand-specific standards. The three New Zealand-specific standards deal with

- summary financial statements;
- prospective financial statements; and
- a small number of New Zealand-specific disclosure requirements (in addition to those in IFRS Standards).

If other for-profit entities prepare GAAP financial reports, they may choose either NZ-IFRS or IFRS Standards with reduced disclosures under New Zealand's reduced disclosure regime (the NZ-IFRS-RDR).

**Financial institutions**—Entities with public accountability and that are therefore required to use NZ-IFRS include all registered banks, deposit-takers, insurance providers and superannuation schemes and any other entity that holds assets in a fiduciary capacity as part of its primary business.

**Separate company financial statements**—NZ-IFRS required.

## IFRS endorsement

**Which standards do companies follow?** NZ-IFRS, which equates to IFRS Standards as issued by the Board with three additional New Zealand-specific standards.

**The auditor's report asserts compliance with**—IFRS Standards and NZ-IFRS.

**Modifications to IFRS Standards**—None. It should be noted that New Zealand has adopted a second tier of standards (under the NZ-IFRS-RDR), which are available for adoption by entities that do not have public accountability and for-profit public sector entities that are not large. The NZ-IFRS-RDR has the same recognition, measurement and presentation requirements as NZ-IFRS but with significant disclosure concessions. The auditor's report asserts compliance with the NZ-IFRS-RDR and not with IFRS Standards.

**Endorsement process for new or amended Standards?** Accounting standards issued by the External Reporting board or its sub-board, the New Zealand Accounting Standards Board (the NZASB), are Regulations under the law. Standards become authoritative when the NZASB completes its due process, places a notice of its issue in the Gazette, and submits a copy to Parliament in accordance with the Legislation Act 2012.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Most small and medium-sized for-profit entities do not have a statutory requirement to prepare financial statements in accordance with GAAP. Those that are required by law to prepare general purpose financial statements may use the NZ-IFRS-RDR or NZ-IFRS.

# Nicaragua



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is no accounting law in Nicaragua. The Colegio de Contadores Públicos de Nicaragua (the CCPN) has adopted both IFRS Standards and the *IFRS for SMEs* Standard as professional requirements in Nicaragua.

The Superintendencia de Bancos y Otras Instituciones Financieras (the SIBOIF) (Superintendency of Banks and Other Financial Institutions) requires all listed companies to use full IFRS Standards or US GAAP in financial statements for investors. The tax authority permits both full IFRS Standards and the *IFRS for SMEs* Standard as a valid basis of accounting for tax purposes, with a reconciliation to Nicaraguan tax law when the tax law differs from IFRS Standards or the *IFRS for SMEs* Standard.

**Financial institutions**—The SIBOIF has developed accounting manuals for banks, insurance companies and bonded warehouses. These are prudential accounting standards based partly on IFRS Standards, but there are some important differences from IFRS Standards. The SIBOIF also requires all applicants for loans from financial institutions to prepare financial statements using either full IFRS Standards or the *IFRS for SMEs* Standard.

**Separate company financial statements**—IFRS Standards or US GAAP required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** When law or regulation requires or permits IFRS Standards or the *IFRS for SMEs* Standard, all new or amended Standards are automatically included.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs that do not use the *IFRS for SMEs* Standard may use full IFRS Standards. Micro-sized SMEs are also permitted to use an accounting manual that is being developed for them by a government agency.

# Niger



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Niger is a member of the West African Economic and Monetary Union (the UEMOA). UEMOA members have adopted the *Système comptable ouest africain* (the SYSCOA, the West African Accounting System) since 1 January 1998. Niger is also a member of the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (the OHADA). The OHADA has also adopted the SYSCOA. The SYSCOA has significant differences from IFRS Standards. In 2009, the Council of Ministers of the UEMOA created the Conseil Comptable Ouest Africain (the CCOA, the West African Accounting Council). The CCOA is charged with making recommendations regarding accounting standards. The CCOA has announced a plan to converge the SYSCOA towards IFRS Standards.

**Financial institutions**—Banks in the UEMOA member countries do not follow the SYSCOA but instead follow accounting guidelines established under the UEMOA banking legislation. There are differences from IFRS Standards.

**Separate company financial statements**—These follow the SYSCOA.

## IFRS endorsement

**Which standards do companies follow?** The SYSCOA or other national standards.

**The auditor's report asserts compliance with**—National standards.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs in Niger follow the SYSCOA. The *IFRS for SMEs* Standard is under consideration as part of the CCOA's project to reform the SYSCOA.

# Nigeria



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required for the financial statements of all ‘public interest entities’ (PIEs), which includes:

- all companies that trade on both the main board or the Alternative Securities Market (the ASeM) of the Nigerian Stock Exchange;
- some unquoted companies classified as PIEs; and
- governments, government organisations, and not-for-profit entities that are required by law to file returns with regulatory authorities.

**Financial institutions**—IFRS Standards are required for all banks, insurance companies, and other entities that hold assets in a fiduciary capacity for a broad group of outsiders.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The law requires use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs are required to use the *IFRS for SMEs* Standard. SMEs are defined as entities:

- that are not in the process of issuing debt or equity securities for trading in a public market;
- that do not hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses;
- that have annual turnover of not more than NGN500 million (approximately \$2 million);
- that have total assets value of not more than NGN200 million (approximately \$1 million);
- that have no foreign Board members;
- that have no members that are a government or a government corporation or agency or its nominee; and
- whose directors together hold not less than 51 per cent of its equity share capital.

Micro-sized entities may use either the *IFRS for SMEs* Standard or the *Small and Medium-sized Entities Guidelines on Accounting (the SMEGA) Level 3* issued by the United Nations Conference on Trade and Development (then UNCTAD). Micro-sized entities are entities that are not public interest entities or SMEs.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EEA, Norway is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU if they trade on a regulated market.

**Separate company financial statements**—The use of IFRS Standards as adopted by the EU are (a) required in the separate company financial statements of companies whose securities trade in a regulated market but that have no subsidiaries and (b) permitted in the separate company financial statements of other publicly traded companies.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (the EFRAG). Based on the EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Norway permits IFRS Standards as adopted by the EU in both the consolidated and separate company accounts of companies that do not trade in a regulated market. Alternatively, SMEs use national GAAP.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The Executive Regulation of the Capital Market Law (Royal Decree 80/1998) states that every issuer (listed companies) shall prepare financial statements in accordance with IFRS Standards. The Code of Corporate governance also requires companies to prepare financial statements in accordance with IFRS Standards.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** IFRS Standards are required by law, so new or amended Standards do not have to be individually endorsed.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Currently, most SMEs follow full IFRS Standards. Public discussions are going on regarding the *IFRS for SMEs* Standard in Oman. The Central Bank of Oman requires all companies that have a bank facility of more than OMR250,000 (approximately \$650,000) from one bank or OMR500,000 (approximately US\$1.3 million) from all the banks to file the audited financial statements within four months from the end of the reporting period. Since most SMEs are now following full IFRS Standards, auditors and management of SMEs are under tremendous pressure to meet the filing requirement. Adoption of the *IFRS for SMEs* Standard will reduce the time spent in that process. Accounting firms have begun *IFRS for SMEs* training programmes in conjunction with the Chamber of Commerce, the Ministry of Finance, the Central Bank of Oman, and the Capital Market Authority.

# Pakistan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Domestic listed companies are required to use IFRS Standards as adopted in Pakistan. Some important Standards have not been adopted for companies asserting compliance with IFRS Standards as adopted in Pakistan. Pakistan has not applied IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

**Financial institutions**—IFRS Standards required.

**Separate company financial statements**—IFRS Standards permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted in Pakistan.

**The auditor's report asserts compliance with**—IFRS Standards as adopted in Pakistan.

**Modifications to IFRS Standards**—Pakistan has made the following modifications:

- it has not adopted IFRS 1.
- IAS 39 *Financial Instruments—Recognition and Measurement*, IAS 40 *Investment Property*, and IFRS 7 *Financial Instruments—Disclosures* have not been adopted for banks and other financial institutions regulated by the State Bank of Pakistan (the SBP). The SBP has prescribed its own criteria for recognition and measurement of financial instruments for such financial entities. Those Standards do apply to other companies not regulated by the SBP.
- it has not adopted IFRIC 4 *Determining whether an Arrangement contains a Lease*.
- it has not adopted IFRIC 12 *Service Concession Arrangements*.

**Endorsement process for new or amended Standards?** IFRS Standards are adopted by the Securities and Exchange Commission of Pakistan (the SECP) following consideration and recommendation by the Institute of Chartered Accountants of Pakistan (the ICAP). When the SECP has published the standard in the Official Gazette, it has the authority of the law.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Economically significant companies whose securities do not trade in a public market are required to use IFRS Standards as adopted in Pakistan. Other SMEs use one of the following two standards issued by the ICAP:

- *Accounting and Financial Reporting Standards for 'Medium-Sized Entities (MSEs)'; and*
- *Accounting and Financial Reporting Standards for 'Small-Sized Entities (SSEs)'.*

# Panama



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—All domestic (Panamanian) companies listed on the stock exchange are required to use either IFRS Standards or US GAAP.

**Financial institutions**—Banks registered with the Superintendency of the Stock Market must use either full IFRS Standards or US GAAP. Bank holding companies began reporting their consolidated financial statements under full IFRS Standards in 2014.

**Separate company financial statements**—IFRS Standards or US GAAP required except for the individual financial statements of banks, which refer to IFRS Standards as modified by banking prudential rules.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None, except for the individual financial statements of banks. In the case of banks, provisions for loan losses and repossessed assets are measured according to rules issued by the Superintendency of Banks of Panama and not according to IFRS Standards. However, starting in 2014 bank holding companies have been required to establish provisions according to IFRS Standards. Consequently, companies with bank subsidiaries now prepare consolidated financial statements with their provisions and reserves reconverted to IFRS Standards. The bank subsidiary will continue to prepare its separate company financial statements according to IFRS Standards as modified by banking prudential rules for regulatory purposes.

**Endorsement process for new or amended Standards?** The securities and banking laws require IFRS Standards without the need to endorse individual new or revised Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards or national accounting standards issued by the Accounting Technical Board of the Ministry of Finance.

# Paraguay



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are permitted, but very few companies use them. Most use national accounting standards developed by the Ministerio de Hacienda. The Comisión Nacional de Valores (the National Securities Commission) has adoption of IFRS Standards under study in its project ‘Proyecto de Reglamentación de los Aspectos Contables’.

**Financial institutions**—Banks and other financial institutions generally use national accounting standards. The Central Bank has stated its intention to adopt IFRS Standards as part of its strategic plan.

**Separate company financial statements**—IFRS Standards are permitted, but very few companies use them.

## IFRS endorsement

**Which standards do companies follow?** The few companies that use IFRS Standards follow IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—The auditor’s report refers to ‘accounting standards accepted in Paraguay’.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** A small number of large companies in Paraguay have voluntarily adopted IFRS Standards. They use IFRS Standards as issued by the Board. This means that they must use new and amended Standards when issued and such Standards are effective without local endorsement.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is not prohibited, but very few companies use it. Nearly all SMEs use Paraguayan national accounting standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards as issued by the Board are required for all domestic companies whose securities trade in a public market in Peru other than banks, insurance companies and pension funds. Banks, insurance companies and pension funds must comply with accounting standards issued by the Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones. Those standards are based on IFRS Standards endorsed by the Accounting Standards Council (the CNC), and they are being implemented gradually. To date, the CNC has endorsed IFRS Standards as issued by the Board up to 2015.

**Financial institutions**—See above.

**Separate company financial statements**—IFRS Standards are required (IFRS Standards as endorsed by the CNC in the case of banks, insurance companies and pension funds).

## IFRS endorsement

**Which standards do companies follow?** Listed companies other than banks, insurance companies, and pension funds follow IFRS Standards as issued by the Board. Banks, insurance companies, and pension funds, as well as unlisted companies that use IFRS Standards, follow IFRS Standards as endorsed by the CNC.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** By Resolution 059-2015-EF/30, the CNC endorsed all IFRS Standards as issued by the Board up to the end of 2015 without modification. It must be recognised that when applying IFRS Standards, companies apply some national legal and fiscal requirements that might not be entirely consistent with IFRS Standards, such as the useful lives of depreciable assets specified in tax legislation.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs with total assets and/or net revenues of more than approximately \$4 million must use full IFRS Standards as endorsed by the CNC. SMEs with total assets and/or net revenues of less than approximately \$4 million may choose full IFRS Standards as endorsed by the CNC or the *IFRS for SMEs* Standard.

# Philippines



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Large and/or publicly accountable entities (including all listed companies and financial institutions) must use Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Philippine Financial Reporting Standards Council (the FRSC). PFRS equate to IFRS Standards with several limited modifications (see below).

**Financial institutions**—PFRS is required.

**Separate company financial statements**—Companies that use IFRS Standards adopted as PFRS are required to use those standards in their separate financial statements.

## IFRS endorsement

**Which standards do companies follow?** PFRS, which equate to IFRS Standards with several limited modifications.

**The auditor's report asserts compliance with**—PFRS.

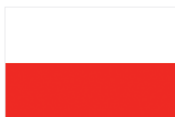
**Modifications to IFRS Standards**—The limited modifications made to IFRS Standards in adopting them as PFRS relate to revenue recognition by real estate companies and some guidance for insurance (pre-need) companies, banks, mining companies and recipients of government grants that is not entirely consistent with IFRS Standards.

**Endorsement process for new or amended Standards?** The process includes the FRSC, the Board of Accountancy and the Philippine Securities and Exchange Commission.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs that are above specified size thresholds must use full PFRS. SMEs that are below those size thresholds but that are not micro-sized entities may choose to use full PFRS if they meet certain criteria; otherwise, they use the PFRS for SMEs Standard (which is substantively identical to the *IFRS for SMEs* Standard). SMEs that are micro-sized entities have the option to use the income tax basis, accounting standards effective 31 December 2004 (standards before entities transitioned to PFRS) or the PFRS for SMEs Standard.

# Poland



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Poland is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Poland requires IFRS Standards as adopted by the EU for the consolidated financial statements of all banks including those whose securities do not trade in a regulated market.

**Separate company financial statements**—IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The basic accounting framework for SMEs is the Accounting Act supplemented by national accounting standards adopted by the Polish Accounting Standards Committee (the KSR) pursuant to the Accounting Act. Currently, there are seven national accounting standards covering such areas as the cash flow statement, income tax, construction contracts, impairment of assets; leases, provisions and contingent liabilities, and changes of accounting policies, correction of errors, changes in estimates and events after the balance sheet date.

# Portugal



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Portugal is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. Portugal permits IFRS Standards as adopted by the EU in the financial statements of the subsidiaries of companies required to use IFRS Standards as adopted by the EU.

**Banks and other financial institutions**—IFRS Standards as adopted by the EU are required in the consolidated financial statements of all credit institutions and other financial institutions whether or not their securities trade in a regulated market.

**Separate company financial statements**—IFRS Standards as adopted by the EU are required for a company whose securities trade in a regulated market but that does not prepare consolidated financial statements because it has no subsidiaries. IFRS Standards as adopted by the EU are permitted in the separate financial statements of all other public companies.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** In their consolidated statements, SMEs may use either IFRS Standards as adopted by the EU or national standards. In their separate statements, subsidiaries of IFRS companies may use IFRS Standards as adopted by the EU; others must use national standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Commercial Law No. 5 of 2002 requires all listed companies to prepare consolidated and separate company financial statements ‘in accordance with the accounting principles approved internationally’. Regulations of the Qatar Financial Markets Authority (the QFMA) have defined this to mean IFRS Standards. Further, the QFMA listing rules require all listed companies to prepare their financial statements in conformity with IFRS Standards.

**Banks and other financial institutions**—IFRS Standards are required, except that the Qatar Exchange (stock exchange) has permitted some Islamic financial Institutions to use accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (the AAOIFI), with IFRS Standards required if the AAOIFI does not address an issue.

**Separate company financial statements**—The use of IFRS Standards is required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor’s report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** IFRS Standards are required by law, so new or amended Standards do not have to be individually endorsed.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards. Note that some Qatari companies and auditors have concluded that the *IFRS for SMEs* Standard satisfies the requirement to follow international standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Romania is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Romania requires use of IFRS Standards as adopted by the EU in the consolidated financial statements of banks and other credit institutions whether or not their securities trade in a regulated securities market.

**Separate company financial statements**—The use of IFRS Standards as adopted by the EU is required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** There are two tiers of Romanian Accounting Standards applicable to SMEs under Ministry of Finance Order no 3.055/2009. Both sets of standards differ from the *IFRS for SMEs* Standard. Under both sets of standards, measurement of profit or loss is closely aligned with the measurement of taxable income and distributable income under Romanian tax and company laws.

# Russia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards were endorsed for use in Russia at the end of 2011 and became mandatory in consolidated financial statements from 2012, in accordance with Federal Law 208-FZ On Consolidated Financial Statements. IFRS Standards are required for the consolidated financial statements of all companies whose securities are publicly traded, as well as for credit institutions, insurance companies, non-state pension funds, investment management companies, and federal state-owned enterprises.

**Financial institutions**—IFRS Standards are required for all credit institutions and insurance companies.

**Separate company financial statements**—Separate company financial statements must be prepared using Russian GAAP.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The first stage of the endorsement process is a technical assessment of the Standard made by the National Accounting Standards Board of Russia (the NASB), which is the independent organisation designated by the Ministry of Finance. The second stage of the endorsement process is administrative—the issuance of the regulation on endorsement of the Standard by the Ministry of Finance in cooperation with the Russian Securities and Exchange Commission and the Central Bank of Russia as well as with the Russian Ministry of Justice.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Accounting standards issued by the Ministry of Finance. The Ministry of Finance noted that recent public discussions on the use of the *IFRS for SMEs* Standard in the Russian Federation suggest that the cost of transition to the *IFRS for SMEs* Standard is considered much greater than the benefits that could be gained by the entities and users.

# Rwanda



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required.

**Financial institutions**—Banks and other financial institutions must use full IFRS Standards.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The law requires use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.

# Saint Lucia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Saint Lucia follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). The ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Saint Lucia has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Effective 2017 for all listed entities, and effective 2018 for all other publicly accountable entities, the Saudi Organization for Certified Public Accountants (the SOCPA) requires the application ‘IFRS Standards that are endorsed in Saudi Arabia and other standards and pronouncements endorsed by SOCPA’. The ‘other standards and pronouncements’ are those standards and technical releases that are endorsed by the SOCPA for matters not covered by IFRS Standards, such as the subject of Zakat (religious tax/obligation). The SOCPA has adopted all IFRS Standards issued up to the end of 31 December 2015 (including Interpretations).

**Financial institutions**—The Saudi Arabian Monetary Authority (the SAMA, which is the Saudi Arabian central bank) requires banks and insurance companies in Saudi Arabia, listed and unlisted, to report under IFRS Standards.

**Separate company financial statements**—The separate company financial statements of publicly traded companies, if prepared, use IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** Banks and insurance companies follow IFRS Standards as issued by the Board. Other companies follow IFRS Standards that are endorsed in Saudi Arabia (see above).

**The auditor’s report asserts compliance with**—For listed companies other than banks and insurance companies, the audit report asserts compliance with IFRS Standards that are endorsed in Saudi Arabia and other standards and pronouncements endorsed by the SOCPA. In the case of banks and insurance companies, the audit report refers to conformity with IFRS Standards and also the relevant laws and regulations.

**Modifications to IFRS Standards**—Some disclosures have been added, and the revaluation options in IAS 16 and IAS 38 and the fair value option in IAS 40 are not allowed.

**Endorsement process for new or amended Standards?** The SOCPA reviews and endorses each new or amended Standard.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Saudi Arabia has adopted the *IFRS for SMEs* Standard effective in 2018 for use by all non-publicly accountable entities. Some entities are permitted to elect early adoption in 2017. Some disclosures were added, but no other modifications.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are required for all listed companies, large legal entities (as defined by law) and some other entities that are required by law to publish consolidated financial statements. Large legal entities include (regardless of size):

- banks and other financial organisations;
- insurance companies;
- financial leasing lessors;
- voluntary pension funds;
- voluntary pension funds' management companies;
- investment funds;
- investment fund management companies;
- stock exchanges;
- securities brokerages; and
- factoring companies.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**— For banks, insurance companies, pension funds and other financial institutions, the National Bank of Serbia requires certain accounting treatments that differ from IFRS Standards, for example, in loan loss provisions for banks and in recognising and impairing premium receivables by insurance companies.

**Endorsement process for new or amended Standards?** The law requires the use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Small and medium-sized legal entities apply the *IFRS for SMEs* Standard, but a Law on Accounting that went into effect on 24 July 2013 gives medium-sized entities a one-time option to choose to apply full IFRS Standards instead. Once an entity has opted for full IFRS Standards, the accounting policy can be amended only in very limited cases. The *IFRS for SMEs* Standard is optional for micro-sized entities; alternatively, micro-sized entities may use the national rulebook for accounting and financial reporting (currently being redrafted in line with Board guidance for application of the *IFRS for SMEs* Standard by micro-sized entities).

# Sierra Leone



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required for listed companies.

**Financial institutions**—IFRS Standards are required for banks and insurance companies.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Sierra Leone's adoption of IFRS Standards includes all new and amended Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All entities in Sierra Leone are permitted to use the *IFRS for SMEs* Standard if they are not required to use full IFRS Standards or the (national) public benefit entity standard (*Composite Financial Reporting Standard for Public and Private Not For Profit Entities*, CS1).



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Except in two circumstances in which IFRS Standards are permitted, listed companies use Singapore Financial Reporting Standards (SFRS). SFRS are mainly word-for-word IFRS Standards but there are some modifications (see below). The two circumstances in which IFRS Standards are permitted are:

- a Singapore incorporated company (listed or unlisted) may use IFRS Standards as issued by the Board in its consolidated financial statements with approval of the Accounting and Corporate Regulatory Authority of Singapore (the ACRA); and
- a Singapore incorporated company that is listed on securities exchanges both in Singapore and outside Singapore may use IFRS Standards as issued by the Board in its consolidated financial statements if IFRS Standards are required by the foreign securities exchange.

Singapore has announced a plan that Singapore-incorporated companies listed on the Singapore Exchange (the SGX) will apply a new financial reporting framework identical to IFRS Standards starting in 2018.

**Separate company financial statements**—SFRS is required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—SFRS (IFRS Standards if they are used).

**Modifications to IFRS Standards**—SFRS is aligned with currently effective IFRS Standards except as follows:

- IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments* has not yet been adopted (does not affect listed companies);
- some changes were made to certain exemptions in IFRS 10 *Consolidated Financial Statements* (does not affect listed companies); and
- for banks the Monetary Authority of Singapore (the bank regulator) has modified the loan loss provisioning requirements of SFRS by issuing Notice to Banks No. 612 Credit Files, Grading and Provisioning.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs may choose (a) the *IFRS for SMEs* Standard adopted as the SFRS for SMEs; (b) full SFRS; or (c) with permission of the ACRA, full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—As a member state of the EU, Slovakia is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. Slovakia requires use of IFRS Standards as adopted by the EU in both the consolidated and separate company financial statements of all public interest entities (PIEs). These are defined as:

- banks and branches of foreign banks;
- insurance and reinsurance companies (except health insurance);
- the stock exchange;
- the office of Slovak Assurors;
- the Slovak Railroads;
- asset management companies; and
- large companies (size criteria defined by regulation).

**Separate company financial statements**—IFRS Standards as adopted by the EU are required for PIEs and permitted for other listed companies.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs follow the accounting law No. 431/2002 and related decrees of the Ministry of Finance.

# Slovenia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Slovenia is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—Slovenia requires use of IFRS Standards as adopted by the EU in both the consolidated and separate financial statements of banks and insurance companies whether or not their securities trade in a regulated market.

**Separate company financial statements**—IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Slovenia permits IFRS Standards as adopted by the EU in the consolidated and separate financial statements of companies other than banks and insurance companies whose securities do not trade in a regulated market. Once such a company has adopted IFRS Standards as adopted by the EU, it must continue to use IFRS Standards as adopted by the EU for at least five years. SMEs that do not choose IFRS Standards as adopted by the EU must use Slovenian National Accounting Standards as adopted by the Slovenian Institute of Auditors.

# South Africa



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required by the Companies Act Regulations and Johannesburg Stock Exchange Listing Requirements.

**Financial institutions**—The Companies Act Regulations prescribe either IFRS Standards or the *IFRS for SMEs* Standard depending on each individual company's public interest score. The public interest score is based on points that are allocated to the number of employees, third party liabilities, turnover and shareholders. A company can always choose IFRS Standards even if only required to use the *IFRS for SMEs* Standard. In addition, those SMEs that have a public interest score of under 100 points and whose financial statements are internally compiled can use their own accounting policies if they are not required to comply with any other financial reporting standards.

**Separate company financial statements**—The use of IFRS Standards is required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Since May 2011, the Companies Act Regulations refer directly to 'IFRS as issued from time to time by the IASB or its successor body'. Therefore, new and amended Standards are automatically authoritative under law.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs (entities without public accountability) that are required by the Companies Act Regulations or that choose to prepare general purpose financial statements are permitted to use the *IFRS for SMEs* Standard. Alternatively they may use full IFRS Standards. However, those SMEs that have a public interest score of under 100 points and whose financial statements are internally compiled can use their own accounting policies.

# Spain



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Spain is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. IFRS Standards as adopted by the EU are required in the consolidated financial statements of all groups that include at least one group company whose securities trade in a regulated market, even if the parent's securities do not trade in a regulated market.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU if they trade on a regulated market.

**Separate company financial statements**—Spanish National Accounting Standards are required in the separate company financial statements of all companies, both publicly traded and private.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** IFRS Standards as adopted by the EU are permitted in the consolidated financial statements of all SMEs. Alternatively, they may use Spanish National Accounting Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—All domestic companies whose securities trade in a public market are required to use Sri Lanka Financial Reporting Standards (SLFRS), which are substantially converged with IFRS Standards. Differences from IFRS Standards are noted below.

**Financial institutions**—SLFRS required.

**Separate company financial statements**—SLFRS required.

## IFRS endorsement

**Which standards do companies follow?** SLFRS, which are substantially converged with IFRS Standards.

**The auditor's report asserts compliance with**—SLFRS.

**Modifications to IFRS Standards**—SLFRS reflect the following modifications to IFRS Standards:

- in adopting IFRS 7 *Financial Instruments—Disclosures*, Sri Lanka did not require comparative information for periods beginning before 1 January 2013. IFRS 7 would require such information.
- Sri Lanka has adopted an alternative treatment with respect to some right-of-use land on lease.
- Sri Lanka has 'adopted' the following Standards but has not yet made them effective—IFRIC 15, IFRS 9, IFRS 10, IFRS 11, IFRS 12, and IFRS 13.

**Endorsement process for new or amended Standards?** When the Board issues a final Standard or Interpretation, the Institute of Chartered Accountants of Sri Lanka reviews the Standard and related technical materials. In a few cases this review has resulted in modification or deferral of the Standard for use in Sri Lanka. Thereafter, it is translated into Sinhala and Tamil and published in the *Extra Ordinary Gazette* as required by the Accounting and Auditing Standards Act No. 15 of 1995 in Sri Lanka. Once gazetted, it becomes legally authoritative.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Sri Lanka has adopted the *IFRS for SMEs* Standard as the *SLFRS for SMEs*. All companies not required to use SLFRS are permitted to use the *SLFRS for SMEs*. Alternatively, they may use SLFRS.

# St Kitts and Nevis



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—St Kitts and Nevis follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies, and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** St Kitts and Nevis has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# St Vincent and the Grenadines



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—St Vincent and the Grenadines follows the requirements of the Eastern Caribbean Securities Regulatory Commission (the ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (the ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines). ECSRC regulations require the use of international accounting standards. Although IFRS Standards are not specifically named in the legislation, it is generally accepted to be IFRS Standards, and all listed companies follow IFRS Standards.

**Banks, insurance companies, and other financial institutions**—Required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement is not needed. New or amended Standards are automatically effective when they are issued for companies that use IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** St Vincent and the Grenadines has adopted the *IFRS for SMEs* Standard. All companies that do not use full IFRS Standards are required to use the *IFRS for SMEs* Standard.

# Suriname



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—The laws of Suriname and the regulations of the Suriname Stock Exchange neither require nor prohibit IFRS Standards or any other specific accounting framework. Some listed companies use IFRS Standards, but a majority follow a form of Netherlands national accounting standards. The Dutch language is the national language of Suriname.

**Financial institutions**—IFRS Standards are permitted.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** There is no endorsement process, because IFRS Standards are neither required nor explicitly permitted or prohibited.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The laws of Suriname neither require nor prohibit IFRS Standards or the *IFRS for SMEs* Standard or any other specific accounting framework.

# Swaziland



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Chapter XI Section 247 of the Companies Act 2009 (the Companies Act) requires application of IFRS Standards. However, the jurisdiction acknowledges that IFRS Standards are sometimes not followed, and there are no sanctions for companies not applying IFRS Standards.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Companies Act refers to IFRS Standards. Thus, new or amended Standards are automatically adopted.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are permitted to use the *IFRS for SMEs* Standard, which was adopted by the Swaziland Institute of Accountants effective in 2010. Alternatively, SMEs may use full IFRS Standards or national standards (if and when developed).



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, Sweden is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit use of IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market.

**Banks and other financial institutions**—IFRS Standards as adopted by the EU are required for the consolidated financial statements of all credit institutions, investment firms, and insurance companies, listed and unlisted.

**Separate company financial statements**—Swedish standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** For each new or amended Standard, the European Commission requests endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG). Based on EFRAG's advice, the European Commission prepares a draft Endorsement Regulation. This Regulation is adopted only after a favourable vote of the Accounting Regulatory Committee and favourable opinions of the European Parliament and the Council of the European Union and publication in the *Official Journal of the European Union*.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The Swedish Accounting Standards Board has established four tiers of financial reporting in Sweden based on the size and other characteristics of the company.

# Switzerland



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are permitted. Swiss GAAP FER, US GAAP and statutory bank standards may also be used. Standards actually used by the 206 listed companies at May 2016 were:

| Which GAAP?    | International Standard* |      | Domestic Standard** |      |
|----------------|-------------------------|------|---------------------|------|
| IFRS Standards | 116                     | 92%  | 0                   | 0%   |
| Swiss GAAP FER | 0                       | 0%   | 60                  | 75%  |
| US GAAP        | 10                      | 8%   | 0                   | 0%   |
| Bank law       | 0                       | 0%   | 20                  | 25%  |
|                | 126                     | 100% | 80                  | 100% |

\*The international standard is the segment of the Exchange intended for companies seeking capital from 'international investors'.

\*\*The domestic standard is the segment of the Exchange intended for companies seeking capital only from 'Swiss domestic investors'.

**Financial institutions**—IFRS Standards are permitted.

**Separate company financial statements**—Statutory separate company financial statements must be prepared in accordance with the rules prescribed by the Swiss Code of Obligations; those statements are the authoritative basis for the distribution of dividends, for tax purposes and for determining insolvency.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** For listed companies that choose IFRS Standards, Standards and amendments are automatically adopted as and when issued by the Board.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** When an SME prepares consolidated financial statements or chooses to prepare financial statements in addition to the statutory financial statements, the SME may use the *IFRS for SMEs* Standard, full IFRS Standards, US GAAP, Swiss GAAP FER or any other GAAP.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Domestic listed companies have a choice of using (a) IFRS Standards as endorsed by the Financial Supervisory Commission (the FSC) or (b) with approval of the FSC, IFRS Standards as issued by the Board.

**Financial institutions**—IFRS Standards are required for all financial institutions except for credit cooperatives, credit card companies and insurance intermediaries where IFRS Standards are permitted but not required.

**Separate company financial statements**—IFRS Standards are required for separate financial statements.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board or IFRS Standards as endorsed by the FSC.

**The auditor's report asserts compliance with**—For those entities that use IFRS Standards as endorsed by the FSC, the auditor's report refers to IFRS Standards as endorsed by the FSC. For those entities that use IFRS Standards as issued by the Board, the auditor's report refers to IFRS Standards.

**Modifications to IFRS Standards**—Some options have been eliminated and the mandatory effective dates of some Standards have been deferred beyond the effective dates adopted by the Board. The eliminated options are revaluation of property, plant and equipment, intangible assets, and exploration and evaluation assets of companies in the extractive industries. Further more, some conditions are imposed on using the deemed cost exemption described in IFRS 1 *First-time Adoption of International Financial Standards*.

**Endorsement process for new or amended Standards?** Standards issued by the Board including Interpretations are translated into traditional Chinese by the Accounting Research and Development Foundation (the ARDF). Those translations are then reviewed and the Standards are endorsed by the FSC.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs that are not required to use full IFRS Standards can choose to apply either IFRS Standards as endorsed by the FSC national accounting standards developed by the ARDF.

# Tanzania



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—IFRS Standards are required. In 2004, the National Board of Accountants and Auditors of Tanzania adopted IFRS Standards as issued by the Board in full via a technical pronouncement. Future Standards, amendments, and Interpretations issued by the Board are also covered by that pronouncement.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** IFRS Standards have the force of law because their use is incorporated into regulations of various governmental regulatory bodies, including the Bank of Tanzania (the BoT), Tanzania Insurance Regulatory Authority (the TIRA), Dar es Salaam Stock Exchange (the DSE), Capital Market and Securities Authority (the CMSA) and the technical pronouncement of the National Board of Accountants and Auditors of Tanzania on the adoption of IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs with total assets not more than TZS 800 million (approximately \$400,000) are permitted to use the *IFRS for SMEs* Standard. Alternatively, they may use full IFRS Standards.

# Timor-Leste



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is no stock exchange in Timor-Leste. Some large state-owned enterprises and the sovereign wealth fund (Petroleum Fund of Timor-Leste) are required to comply with IFRS Standards. Other entities are permitted to comply.

Accounting standards have not yet been adopted in Timor-Leste. Laws to adopt Timor-Leste Accounting Standards have been drafted and are awaiting submission to the Council of Ministers after required protocols have been completed. Under those Laws, the Ministry of Finance (the MOF) will develop Timor-Leste Accounting Standards based on IFRS Standards but with modifications.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—The large State-owned Enterprises and the Sovereign Wealth Fund (Petroleum Fund of Timor-Leste) that are required to use IFRS Standards, and other companies that choose to use IFRS Standards, assert compliance with IFRS Standards.

**Modifications to IFRS Standards**—None currently, but see below.

**Endorsement process for new or amended Standards?** Currently there is no endorsement process. The draft law proposing to adopt Timor-Leste Accounting Standards would establish a process by which the MOF will identify those IFRS Standards that can be implemented in Timor-Leste without change and those Standards that need to be modified to meet Timor-Leste's current stage of economic and financial systems development. Timor-Leste Accounting Standards (based on IFRS Standards with modifications) will then be submitted to the National Accounting Standards Board (to be established) for adoption and issuance. As Timor-Leste's financial sophistication develops, the plan is to revise the modified standards to achieve full adoption of IFRS Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Currently, companies are permitted to use IFRS Standards.

# Thailand



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Listed companies follow Thai Financial Reporting Standards (TFRS) issued by the Thai Federation of Accounting Professions (the FAP). TFRS are published in the Thai language and is converged with the 2016 version of IFRS Standards, with the exception of the financial instruments Standards IAS 32 *Financial Instruments—Presentation*, IAS 39 *Financial Instruments—Recognition and Measurement* and IFRS 7 *Financial Instruments—Disclosures*, IFRS 9 *Financial Instruments*, and several related Interpretations. The FAP plans to adopt the financial instruments Standards effective in 2019. More generally, the FAP has announced a plan to converge TFRS with current IFRS Standards, with a one-year lag for translation.

**Financial institutions**—TFRS required.

**Separate company financial statements**—TFRS required.

## IFRS endorsement

**Which standards do companies follow?** TFRS.

**The auditor's report asserts compliance with**—TFRS.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Currently SMEs in Thailand can use either (a) TAS or (b) the *Thai Accounting Standard for Non-Publicly Accountable Entities (NPAEs)*. The FAP states that Thai GAAP for NPAEs is 'short and simple and uses a historical cost measurement basis'.

The FAP's work plan calls for adoption of the 2015 version of the *IFRS for SMEs* Standard to be effective in 2018.

# Trinidad and Tobago



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The Institute of Chartered Accountants of Trinidad and Tobago (the ICATT) has statutory authority to set accounting standards in Trinidad and Tobago. By adopting IFRS Standards and the *IFRS for SMEs* Standard, the Council of the ICATT has made IFRS Standards a requirement in Trinidad and Tobago. New and amended Standards are automatically covered by the ICATT's adoption of IFRS Standards and the *IFRS for SMEs* Standard.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—Turkey has adopted IFRS Standards for the financial statements of all public interest entities. This includes companies whose securities are traded in a regulated market and many categories of financial institutions including banks, leasing companies, financing companies, insurance companies, investment firms, pension funds, pension companies and financial holding companies.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—Turkish Accounting Standards (TAS), which are defined by law as accounting standards published in full compliance with IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Endorsement of individual Standards is not required because IFRS Standards are required by law.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Turkish National GAAP (The Uniform Chart of Accounts). Turkey has not adopted the *IFRS for SMEs* Standard.

# Uganda



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies and financial institutions**—The Institute of Certified Public Accountants of Uganda (the ICPAU) has designated certain entities as being publicly accountable and requires them to use full IFRS Standards. Publicly accountable entities include, but are not limited to:

- entities whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or which are in the process of issuing such instruments for trading in a public market;
- entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses;
- public organisations that are owned in whole or in part by the State or that are otherwise controlled directly or indirectly by the State; and
- private organisations in which the State has a non-controlling equity interest.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Officially, all amendments or new Standards and Interpretations are automatically applicable as and when they are issued by the Board. However, the ICPAU Council maintains the right to make modifications to Standards if needed. To date the ICPAU Council has not made any modifications.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All entities that are not publicly accountable (see above) and prepare general purpose financial statements are permitted to apply the *IFRS for SMEs* Standard. SMEs that do not use the *IFRS for SMEs* Standard use full IFRS Standards.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required in consolidated financial statements.

**Financial institutions**—Under the Law on Accounting and Financial Reporting in Ukraine, banks, insurance companies and other companies that operate in financial markets are required to use IFRS Standards whether or not their securities trade in a public market.

**Separate company financial statements**—IFRS Standards must be used in the separate company financial statements of all parent and subsidiary companies included in consolidated IFRS financial statements.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Under the terms of a Waiver of Copyright Agreement with the IFRS Foundation, the Ministry of Finance translates the Standards into Ukrainian and posts them on its website. When that occurs, a new or amended Standard is endorsed for use in Ukraine.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Paragraph 1, part 4, of National Standard N1 permits all SMEs (as defined in the *IFRS for SMEs* Standard) to use the *IFRS for SMEs* Standard. Alternatively, they may use full IFRS Standards or Ukrainian Accounting Standards.

# United Arab Emirates



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There are several public securities markets in the UAE:

- NASDAQ Dubai requires IFRS Standards.
- the listing rules of the Dubai Financial Market PJSC do not require a specific accounting framework to be used. IFRS Standards are permitted and used by most listed companies. Some financial institutions use Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (the AAOIFI).
- the Dubai Financial Services Authority (the DFSA) requires listed companies to use either IFRS Standards or other standards acceptable to the DFSA. AAOIFI standards (see above) are no longer permitted.
- listed companies in Abu Dhabi use IFRS Standards.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—There is no requirement to prepare separate company financial statements.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards in nearly all cases. In some rare cases in which the central bank imposes additional loan loss provision requirements on a particular financial institution, there would be modifications to the IFRS opinion.

**Modifications to IFRS Standards**—None. However:

- in practice, IAS 19 *Employee Benefits* is not applied to certain end-of-service benefits because of the costs and lack of actuarial data and resources. While this practice is not consistent with IAS 19, the treatment is accepted in practice because the effect is not material.
- the law requires directors' fees to be recognised directly in equity. While this practice is not consistent with IAS 19, the treatment is accepted in practice because the effect is not material.

**Endorsement process for new or amended Standards?** When a new or amended Standard is issued, it becomes effective automatically with the effective date specified in it.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.

# United Kingdom



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—As a member state of the EU, the United Kingdom has been subject to the EU's IAS Regulation adopted in 2002. That Regulation requires listed companies in regulated markets to use IFRS Standards as adopted by the EU. In light of the UK's decision to leave the EU (Brexit), the Financial Reporting Council (FRC) will act on accounting standards post-Brexit. On its website FRC's chairman states: 'On accounting standards we will need to apply and enforce international standards that at present come to us from the EU. Investors have told us they want comparability between the accounts of UK listed companies and those listed in other countries.' Most issuers on the AIM (a UK market for trading securities that is not 'regulated market') are required by the AIM Rules to apply IFRS Standards as adopted by the EU.

**Banks and other financial institutions**—All must follow IFRS Standards as adopted by the EU if they trade on a regulated market or the AIM.

**Separate company financial statements**—IFRS Standards as adopted by the EU are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as adopted by the EU.

**The auditor's report asserts compliance with**—IFRS Standards as adopted by the EU.

**Modifications to IFRS Standards**—In adopting IFRS Standards, the EU modified some sections of IAS 39 *Financial Instruments—Recognition and Measurement*.

**Endorsement process for new or amended Standards?** Currently, the UK is subject to the European Commission's endorsement process. Post-Brexit, the FRC will be responsible for an endorsement process.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All companies that are not required to follow IFRS Standards as adopted by the EU are permitted to do so in both their consolidated and separate financial statements. Otherwise they must follow standards issued by the UK Financial Reporting Council.

# United States



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Domestic companies whose securities trade in public markets must use US GAAP as prescribed in standards issued by the Financial Accounting Standards Board (the FASB). Foreign companies whose securities trade in public markets are permitted to use US GAAP, IFRS Standards as issued by the Board or their national GAAP. If they use IFRS Standards, a reconciliation to US GAAP amounts is not required. If they use a national GAAP, a reconciliation to US GAAP amounts is required.

**Financial institutions**—US GAAP is required.

**Separate company financial statements**—If separate company financial statements are prepared, US GAAP is required.

## IFRS endorsement

**Which standards do companies follow?** Domestic US companies use US GAAP. Foreign issuers are permitted to use IFRS Standards as issued by the Board, and approximately 500 such companies do so (worldwide market capitalisation in excess of \$7 trillion).

**The auditor's report asserts compliance with**—For foreign issuers using IFRS Standards, the auditor's report asserts compliance with IFRS Standards. Domestic issuers assert compliance with US GAAP.

**Modifications to IFRS Standards**—Not applicable.

**Endorsement process for new or amended Standards?** Not applicable.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** In the US, there is no centralised determinant of the financial reporting framework that private companies (SMEs) are either required or permitted to use for preparing their general purpose financial statements. Accordingly, there is no organisation that would make a centralised 'adoption' decision for the use of the *IFRS for SMEs* Standard in the US.

# Uruguay



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Companies other than banks and financial institutions, autonomous entities and decentralised services are required to use accounting standards adopted by national decree. Starting in 2012, for companies whose securities trade in a public market, this means the use of full IFRS Standards as translated into Spanish.

**Financial institutions**—Banks and other financial institutions started using IFRS Standards in their 2014 financial statements.

**Separate company financial statements**—National accounting standards are required. IFRS Standards are not permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—For companies whose securities are publicly traded and for financial institutions, there are no modifications to IFRS Standards.

**Endorsement process for new or amended Standards?** New and amended IFRS Standards are adopted by national decree and regulations of the Central Bank.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs other than micro-sized entities must use either the *IFRS for SMEs* Standard as adopted in Uruguay (which includes a modification permitting capitalisation of borrowing cost) or full IFRS Standards.

# Uzbekistan



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Listed companies other than banks follow accounting standards set by the Ministry of Finance for companies. The Uzbekistan Central Bank requires all banks, including listed banks, to use IFRS Standards with some modifications (see below).

**Financial institutions**—IFRS Standards required by the Central Bank, with some modifications (see below).

**Separate company financial statements**—IFRS Standards are not permitted. Accounting standards set by the Ministry of Finance are used.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board, with some modifications.

**The auditor's report asserts compliance with**—For banks, the audit report states conformity with IFRS Standards. For all other companies, the audit report states conformity with Uzbek National Accounting Standards.

**Modifications to IFRS Standards**—Under the Central Bank regulations adopting IFRS Standards for banks, property, plant and equipment must be accounted for using the revaluation model and not the cost-depreciation-impairment model. In applying the revaluation model, property, plant and equipment is remeasured based on indexes issued by the government on an annual basis. Further more, in applying IFRS Standards, banks follow certain prudential accounting requirements of the Central Bank that differ from IFRS Standards. Examples of the differences include:

- valuation of investments held in bonds and equities;
- measurement of loan loss impairment;
- recognition and valuation of loan fees;
- deferred income tax;
- lease accounting; and
- consolidation.

**Endorsement process for new or amended Standards?** IFRS Standards are not incorporated into law. However, they have been adopted for banks in regulations issued by the Central Bank.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard has not been adopted. SMEs use national accounting standards set by the Ministry of Finance.

# Venezuela



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Venezuela has adopted the 2008 version of IFRS Standards with modification. The modification requires price-level adjusted financial statements when the rate of inflation is 10 per cent or more, even if the hyperinflation test of 100 per cent over three years in IAS 29 *Financial Reporting in Hyperinflationary Economies* is not met. Companies whose securities trade in a public market are required to use the 2008 version of IFRS Standards as modified.

**Financial institutions**—Banks and other financial institutions are required to use IFRS Standards.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board up to the end of 2008, with the modification described above.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—As explained above, Venezuela modified IAS 29 to require price-level adjusted financial statements when the rate of inflation is 10 per cent or more, even if the hyperinflation test of 100 per cent over three years in IAS 29 is not met.

**Endorsement process for new or amended Standards?** There is currently no process for endorsing new or amended Standards issued after 2008.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** All SMEs are required to use the *IFRS for SMEs* Standard, other than SMEs in the oil, energy and mining industries, which are required to use full IFRS Standards as adopted in Venezuela, even if their shares are not publicly traded.

# Vietnam



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—Vietnam has not adopted IFRS Standards or the *IFRS for SMEs* Standard. All companies follow Vietnamese Accounting Standards (VAS) as developed by the Vietnamese Accounting Standards Board, which is part of the Department of Accounting and Auditing Policy of the Ministry of Finance (the MoF). The Accounting Law requires the MoF to take IFRS Standards into consideration in developing VAS. During 2015, the (MOF) publicly indicated that further progress toward IFRS adoption is under consideration, including:

- allowing some listed companies to adopt IFRS Standards voluntarily; and
- updating existing VAS to reflect recent changes to IFRS and to address topics for which there is no current VAS.

**Financial institutions**—VAS is required.

**Separate company financial statements**—VAS is required.

## IFRS endorsement

**Which standards do companies follow?** VAS. Note that some Vietnamese companies prepare IFRS financial statements for the purpose of reporting to foreign investors. However, those IFRS financial statements are supplementary financial statements published in addition to—not instead of—financial statements prepared using VAS. The VAS financial statements are the statutory and primary financial statements.

**The auditor's report asserts compliance with**—VAS.

**Modifications to IFRS Standards**—Not applicable, because IFRS Standards have not been adopted.

**Endorsement process for new or amended Standards?** Not applicable, because IFRS Standards have not been adopted.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** SMEs in Vietnam use an accounting regime for SMEs developed by the MoF. Those SME standards are simplified compared with VAS.



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—There is no stock exchange in Yemen. However, under the Commercial Law companies are permitted to sell shares to the public (usually by private placement). Those companies are required to prepare financial statements using GAAP and most public companies use IFRS Standards for this purpose.

**Financial institutions**—The Central Bank requires all banking institutions to use IFRS Standards in their published financial statements.

**Separate company financial statements**—IFRS Standards are permitted.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** The law permits the use of IFRS Standards without the need for endorsement of individual Standards.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Article 107 of the Tax By-Laws requires all companies classified as large and medium-sized to prepare financial statements using IFRS Standards. All other companies are permitted to use IFRS Standards or the *IFRS for SMEs* Standard. Although the *IFRS for SMEs* Standard has not been formally adopted, many SMEs use it.

# Zambia



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards are required. The Zambia Institute of Chartered Accountants adopted the use of IFRS Standards by a resolution at the Annual General Meeting held in April 2004. The effective date for complying with IFRS Standards was 1 January 2005.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** Adoption is automatic. Since use of IFRS Standards is mandated on an ongoing basis, once a new or amended Standard is issued, it becomes a requirement for those companies using IFRS Standards in Zambia.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** Zambia has adopted the *IFRS for SMEs* Standard without modification. All SMEs are permitted to use the *IFRS for SMEs* Standard, except for micro-sized and very small entities, which must use the *Zambian Financial Reporting Standard for Micro and Small Entities (MSEs)*. Micro-sized and very small entities are those with an annual turnover of less than ZMW20 million (rebased) (approximately \$2 million). However, if the entity actively trades in financial instruments (including shares, derivatives and bonds) or if it is a real estate investment company, it must use the *IFRS for SMEs* Standard or full IFRS Standards. All SMEs whose turnover is more than ZMW20 million (rebased) per annum and are not listed on the stock exchange may opt to use full IFRS Standards instead of the *IFRS for SMEs* Standard.

# Zimbabwe



## Accounting standards required for publicly accountable entities (listed companies and financial institutions)

**Listed companies**—IFRS Standards were required. IAS (now IFRS Standards) were formally adopted for use in Zimbabwe in 1993 and were legally operationalised in 1996 with the publication of Statutory Instrument 62 of 1996.

**Financial institutions**—IFRS Standards are required.

**Separate company financial statements**—IFRS Standards are required.

## IFRS endorsement

**Which standards do companies follow?** IFRS Standards as issued by the Board. However, amendments and new Standards are sometimes not formally adopted on a timely basis. Nonetheless, new or amended Standards are normally followed in practice even without formal adoption.

**The auditor's report asserts compliance with**—IFRS Standards.

**Modifications to IFRS Standards**—None.

**Endorsement process for new or amended Standards?** To incorporate amendments into existing Standards and adopt new Standards, the reporting regulations are updated by statutory instruments issued by the Minister of Justice, Legal and Parliamentary Affairs from time to time.

## Accounting standards required for SMEs

**Which standards do SMEs follow?** The *IFRS for SMEs* Standard is permitted. Alternatively, SMEs may choose full IFRS Standards.

# Overview of IFRS Standards

This section summarises, at a high level and in non-technical language, the main principles in IFRS Standards issued at April 2017. All of the Standards are currently in effect unless otherwise noted. The Board has not approved these summaries, and the summaries should not be relied on for preparing financial statements in conformity with IFRS Standards.

## The Conceptual Framework for Financial Reporting

The Conceptual Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. The Conceptual Framework deals with:

- the objective of financial reporting (which is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity);
- the qualitative characteristics of useful financial information (relevance, faithful representation, comparability, verifiability, timeliness, and understandability); and
- the definition, recognition and measurement of the elements from which financial statements are constructed (assets, liabilities, equity, income, and expenses).

## IFRS Standards

### *IFRS 1 First-time Adoption of International Financial Reporting Standards*

IFRS 1 requires an entity that is adopting IFRS Standards for the first time to prepare a complete set of financial statements covering its first IFRS reporting period and the preceding year.

The entity uses the same accounting policies throughout all periods presented in its first IFRS financial statements. Those accounting policies must comply with each Standard effective at the end of its first IFRS reporting period. IFRS 1 provides limited exemptions from the requirement to restate prior periods in specified areas in which the cost of complying with them would be likely to exceed the benefits to users of financial statements. IFRS 1 also prohibits retrospective application of IFRS Standards in some areas, particularly when retrospective application would require judgements by management about past conditions after the outcome of a particular transaction is already known.

IFRS 1 requires disclosures that explain how the transition from previous GAAP to IFRS Standards affected the entity's reported financial position, financial performance and cash flows.

### *IFRS 2 Share-based Payment*

IFRS 2 specifies the financial reporting by an entity when it undertakes a share-based payment transaction, including the issue of share options. It

requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity. It requires an entity to reflect in its reported profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees.

### **IFRS 3 Business Combinations**

IFRS 3 establishes principles and requirements for how an acquirer in a business combination:

- recognises and measures in its financial statements the assets and liabilities acquired, and any interest in the acquiree held by other parties;
- recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
- determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

The core principles in IFRS 3 are that an acquirer measures the cost of the acquisition at the fair value of the consideration paid, allocates that cost to the acquired identifiable assets and liabilities on the basis of their fair values, allocates the rest of the cost to goodwill and recognises any excess of acquired assets and liabilities over the consideration paid (a 'bargain purchase') in profit or loss immediately. The acquirer discloses information that enables users to evaluate the nature and financial effects of the acquisition.

### **IFRS 4 Insurance Contracts**

*Will be superseded by IFRS 17 Insurance Contracts.*

IFRS 4 specifies some aspects of the financial reporting for insurance contracts by any entity that issues such contracts and has not yet applied IFRS 17.

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

IFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds, except for specified contracts covered by other Standards. It does not apply to other assets and liabilities of an insurer, such as financial assets and financial liabilities within the scope of IFRS 9. Furthermore, it does not address accounting by policyholders.

IFRS 4 exempts an insurer temporarily (ie until it adopts IFRS 17) from some requirements of other Standards, including the requirement to consider the Conceptual Framework in selecting accounting policies for insurance contracts. However, IFRS 4:

# Overview of IFRS Standards

## continued...

- prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period (such as catastrophe and equalisation provisions);
- requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; and
- requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or they expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

A 2016 amendment to IFRS 4 addresses some consequences of applying IFRS 9 before an entity adopts IFRS 17.

### **IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations***

IFRS 5 requires:

- a non-current asset or disposal group to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction instead of through continuing use;
- assets held for sale to be measured at the lower of the carrying amount and fair value less costs to sell;
- depreciation of an asset to cease when it is held for sale;
- separate presentation in the statement of financial position of an asset classified as held for sale and of the assets and liabilities included within a disposal group classified as held for sale; and
- separate presentation in the statement of comprehensive income of the results of discontinued operations.

### **IFRS 6 *Exploration for and Evaluation of Mineral Resources***

IFRS 6 specifies some aspects of the financial reporting for costs incurred for exploration for and evaluation of mineral resources (for example, minerals, oil, natural gas and similar non-regenerative resources), as well as the costs of determination of the technical feasibility and commercial viability of extracting the mineral resources. IFRS 6:

- permits an entity to develop an accounting policy for exploration and evaluation assets without specifically considering the requirements of paragraphs 11–12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Thus, an entity adopting IFRS 6 may continue to use the accounting policies applied immediately before adopting IFRS 6.
- requires entities recognising exploration and evaluation assets to perform an impairment test on those assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount.
- varies the recognition of impairment from that in IAS 36 *Impairment of Assets* but measures the impairment in accordance with that Standard once the impairment is identified.

## **IFRS 7 Financial Instruments: Disclosures**

IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance.
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

IFRS 7 applies to all entities, including entities that have few financial instruments (for example, a manufacturer whose only financial instruments are cash, accounts receivable and accounts payable) and those that have many financial instruments (for example, a financial institution most of whose assets and liabilities are financial instruments).

## **IFRS 8 Operating Segments**

IFRS 8 requires an entity whose debt or equity securities are publicly traded to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the different business activities in which it engages and the different economic environments in which it operates.

It specifies how an entity should report information about its operating segments in annual financial statements and in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customers.

## **IFRS 9 Financial Instruments**

*IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.*

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

# Overview of IFRS Standards

## continued...

### Financial assets

When it first recognises a financial asset, the entity classifies it on the basis of the entity's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

**Amortised cost**—a financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Fair value through other comprehensive income**—financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

**Fair value through profit or loss**—any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, an entity changes its business model for managing financial assets it must reclassify all affected financial assets.

### Financial liabilities

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading and liabilities that an entity designates to be measured at fair value through profit or loss (see 'fair value option' below).

After initial recognition, an entity cannot reclassify any financial liability.

### Fair value option

An entity may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortised cost or fair value through other comprehensive income to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') or otherwise result in more relevant information.

### Impairment

Impairment of financial assets is recognised in stages:

**Stage 1**—as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is

calculated on the gross carrying amount (ie without deduction for expected credit losses).

**Stage 2**—if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1.

**Stage 3**—if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (ie the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

## Hedge accounting

The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss or other comprehensive income.

Hedge accounting is optional. An entity applying hedge accounting designates a hedging relationship between a hedging instrument and a hedged item. For hedging relationships that meet the qualifying criteria in IFRS 9, an entity accounts for the gain or loss on the hedging instrument and the hedged item in accordance with the special hedge accounting provisions of IFRS 9.

IFRS 9 identifies three types of hedging relationships and prescribes special accounting provisions for each:

- fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.
- cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.
- hedge of a net investment in a foreign operation as defined in IAS 21.

When an entity first applies IFRS 9, it may choose to continue to apply the hedge accounting requirements of IAS 39, instead of the requirements in IFRS 9, to all of its hedging relationships.

## IFRS 10 Consolidated Financial Statements

IFRS 10 establishes principles for presenting and preparing consolidated financial statements when an entity controls one or more other entities. IFRS 10:

- requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;

# Overview of IFRS Standards

## continued...

- sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity.

Consolidated financial statements are financial statements that present the assets, liabilities, equity, income, expenses and cash flows of a parent and its subsidiaries as those of a single economic entity.

### **IFRS 11 Joint Arrangements**

IFRS 11 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (joint arrangements).

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. IFRS 11 classifies joint arrangements into two types—joint operations and joint ventures:

- in a joint operation, the parties that have joint control of the arrangement (joint operators) have rights to particular assets, and obligations for particular liabilities, relating to the arrangement; and
- in a joint venture, the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement.

IFRS 11 requires a joint operator to recognise and measure its share of the assets and liabilities (and recognise the related revenues and expenses) in accordance with IFRS Standards applicable to the particular assets, liabilities, revenues and expenses.

A joint venturer accounts for its interest in the joint venture using the equity method (see IAS 28).

### **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 requires an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity; and
- the effects of those interests on its financial position, financial performance and cash flows.

### **IFRS 13 Fair Value Measurement**

IFRS 13 defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements.

It applies when another Standard requires or permits fair value measurements or disclosures about fair value measurements (and measurements based on fair value, such as fair value less costs to sell), except in specified circumstances in which other Standards govern. For example, IFRS 13 does not specify the measurement and disclosure requirements for share-based payment transactions, leases or impairment of assets. Nor does it establish disclosure requirements for fair values related to employee benefits and retirement plans.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

### **IFRS 14 Regulatory Deferral Accounts**

IFRS 14 prescribes special accounting for the effects of rate regulation. Rate regulation is a legal framework for establishing the prices that a public utility or similar entity can charge to customers for regulated goods or services.

Rate regulation can create a regulatory deferral account balance. A regulatory deferral account balance is an amount of expense or income that would not be recognised as an asset or liability in accordance with other Standards, but that qualifies to be deferred in accordance with IFRS 14, because the amount is included, or is expected to be included, by a rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

IFRS 14 permits a first-time adopter within its scope to continue to account for regulatory deferral account balances in its IFRS financial statements in accordance with its previous GAAP when it adopts IFRS Standards. However, IFRS 14 introduces limited changes to some previous GAAP accounting practices for regulatory deferral account balances, which are primarily related to the presentation of those balances.

### **IFRS 15 Revenue from Contracts with Customers**

*IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.*

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

# Overview of IFRS Standards

## continued...

To recognise revenue under IFRS 15, an entity applies the following five steps:

- identify the contract(s) with a customer.
- identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.
- allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

### IFRS 16 Leases

*IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted as long as IFRS 15 is also applied.*

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest

(presented within either operating or financing activities) in accordance with IAS 7.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The initial lease asset equals the lease liability in most cases.

The lease asset is the right to use the underlying asset and is presented in the statement of financial position either as part of property, plant and equipment or as its own line item.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 replaces IAS 17 effective 1 January 2019, with earlier application permitted. IFRS 16 has the following transition provisions:

- Existing finance leases: continue to be treated as finance leases.
- Existing operating leases: option for full or limited retrospective restatement to reflect the requirements of IFRS 16.

## **IFRS 17 Insurance Contracts**

*The following summary is based on a near-final draft of IFRS 17. IFRS 17 is expected to be issued shortly after publication of this Pocket Guide. Until issued, a draft Standard is subject to change.*

*IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied.*

Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The key principles in IFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;

# Overview of IFRS Standards

## continued...

- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:
  - (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin).
- recognises the profit from a group of insurance contracts over the period for which the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

## IAS Standards

### IAS 1 Presentation of Financial Statements

IAS 1 sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. It requires an entity to present a complete set of financial statements at least annually, with comparative amounts for the preceding year (including comparative amounts in the notes). A complete set of financial statements comprises:

- a statement of financial position as at the end of the period.
- a statement of profit and loss and other comprehensive income for the period. Other comprehensive income is those items of income and expenses that are not recognised in profit or loss in accordance with IFRS Standards. IAS 1 allows an entity to present a single combined statement of profit and loss and other comprehensive income or two separate statements.
- a statement of changes in equity for the period.
- a statement of cash flows for the period.

- notes, comprising a summary of significant accounting policies and other explanatory information.
- a statement of financial position as at the beginning of the preceding comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

An entity whose financial statements comply with IFRS Standards must make an explicit and unreserved statement of such compliance in the notes. An entity must not describe financial statements as complying with IFRS Standards unless they comply with all the requirements of the Standards. The application of IFRS Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. IAS 1 also deals with going-concern issues, offsetting and changes in presentation or classification.

## IAS 2 Inventories

IAS 2 provides guidance for determining the cost of inventories and the subsequent recognition of the cost as an expense, including any write-down to net realisable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories includes all costs of purchase, costs of conversion (direct labour and production overhead) and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned by:

- specific identification of cost for items of inventory that are not ordinarily interchangeable; and
- the first-in, first-out or weighted average cost formula for items that are ordinarily interchangeable (generally large quantities of individually insignificant items).

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

## IAS 7 Statement of Cash Flows

IAS 7 prescribes how to present information in a statement of cash flows about how an entity's cash and cash equivalents changed during the period. Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. The statement classifies cash flows during a period into cash flows from operating, investing and financing activities:

# Overview of IFRS Standards

## continued...

- operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. An entity reports cash flows from operating activities using either:
  - the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
  - the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.
- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. The aggregate cash flows arising from obtaining and losing control of subsidiaries or other businesses are presented as investing activities.
- financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from a statement of cash flows but separately disclosed. IAS 7 requires an entity to disclose the components of cash and cash equivalents and to present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in the statement of financial position.

### **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

IAS 8 prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. When an IFRS Standard or IFRS Interpretation specifically applies to a transaction, other event or condition, an entity must apply that Standard. In the absence of an IFRS Standard that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in information that is relevant and reliable. In making that judgement management refers to the following sources in descending order:

- the requirements and guidance in IFRS Standards dealing with similar and related issues; and
- the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework.

Changes in an accounting policy are applied retrospectively unless this is impracticable or unless another IFRS Standard sets specific transitional provisions.

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. The effect of a change in an accounting estimate is recognised prospectively by including it in profit or loss in:

- the period of the change, if the change affects that period only; or
- the period of the change and future periods, if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, available reliable information. Unless it is impracticable to determine the effects of the error, an entity corrects material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.

## IAS 10 *Events after the Reporting Period*

IAS 10 prescribes:

- when an entity should adjust its financial statements for events after the reporting period; and
- the disclosures that an entity should give about the date on which the financial statements were authorised for issue and about events after the reporting period.

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date on which the financial statements are authorised for issue. The two types of events are:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events).

An entity adjusts the amounts recognised in its financial statements to reflect adjusting events, but it does not adjust those amounts to reflect non-adjusting events. If non-adjusting events after the reporting period are material, IAS 10 prescribes disclosures.

## IAS 11 *Construction Contracts*

*Will be superseded by IFRS 15.*

IAS 11 prescribes the contractor's accounting treatment of revenue and costs associated with construction contracts. Work under a construction contract is usually performed in two or more accounting periods.

Consequently, the primary accounting issue is the allocation of contract revenue and contract costs to the accounting periods in which construction work is performed. IAS 11 requires:

- when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period; and
- when the outcome of a construction contract cannot be estimated reliably:

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- revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and
- contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### IAS 12 *Income Taxes*

IAS 12 prescribes the accounting treatment for income taxes. Income taxes include all domestic and foreign taxes that are based on taxable profits.

Current tax for current and prior periods is, to the extent that it is unpaid, recognised as a liability. Overpayment of current tax is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

IAS 12 requires an entity to recognise a deferred tax liability or (subject to specified conditions) a deferred tax asset for all temporary differences, with some exceptions. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

A deferred tax liability arises if an entity will pay tax if it recovers the carrying amount of another asset or liability. A deferred tax asset arises if an entity:

- will pay less tax if it recovers the carrying amount of another asset or liability; or
- has unused tax losses or unused tax credits.

Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are not discounted.

### IAS 16 *Property, Plant and Equipment*

IAS 16 establishes principles for recognising property, plant and equipment as assets, measuring their carrying amounts, and measuring the depreciation charges and impairment losses to be recognised in relation to them. Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment includes bearer plant related to agricultural activity.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

An item of property, plant and equipment is initially measured at its cost. Cost includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the estimated costs of dismantling and removing the item and restoring the site on which it is located, unless those costs relate to inventories produced during that period.

After recognition, an entity chooses either the cost model or the revaluation model as its accounting policy and applies that policy to an entire class of property, plant and equipment:

- under the cost model, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.
- under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably is carried at a revalued amount, which is its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations must be made regularly and kept current. Revaluation increases are recognised in other comprehensive income and accumulated in equity, unless they reverse a previous revaluation decrease. Revaluation decreases are recognised in profit or loss unless they reverse a previous revaluation increase.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciation method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. To determine whether an item of property, plant and equipment is impaired, an entity applies IAS 36.

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### IAS 17 Leases

*Will be superseded by IFRS 16.*

IAS 17 classifies leases into two types:

- an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership; and
- a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership.

IAS 17 prescribes lessee and lessor accounting policies for the two types of leases, as well as disclosures.

#### Leases in the financial statements of lessees—operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

#### Leases in the financial statements of lessees—finance leases

At the commencement of the lease term, lessees recognise finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. A finance lease gives rise to depreciation expense for the recognised lease assets as well as finance expense for each accounting period.

#### Leases in the financial statements of lessors—operating leases

Lessors present assets subject to operating leases in their statements of financial position according to the nature of the asset. Lessors depreciate the leased assets in accordance with IAS 16 and IAS 38 *Intangible Assets*. Lease income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

#### Leases in the financial statements of lessors—finance leases

Lessors recognise assets held under a finance lease in their statements of financial position and present them as a receivable at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. Manufacturer or dealer lessors recognise selling profit or loss in accordance with the policy followed by the entity for outright sales.

## IAS 18 Revenue

*Will be superseded by IFRS 15.*

IAS 18 addresses when to recognise and how to measure revenue.

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. IAS 18 applies to accounting for revenue arising from the following transactions and events:

- the sale of goods;
- the rendering of services; and
- the use by others of entity assets yielding interest, royalties and dividends.

Revenue is recognised when it is probable that future economic benefits will flow to the entity and those benefits can be measured reliably. IAS 18 identifies the circumstances in which those criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of the criteria. Revenue is measured at the fair value of the consideration received or receivable.

## IAS 19 Employee Benefits

IAS 19 prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

**Short-term employee benefits (to be settled within 12 months, other than termination benefits)**

These are recognised when the employee has rendered the service and are measured at the undiscounted amount of benefits expected to be paid in exchange for that service.

**Post-employment benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment**

Plans providing these benefits are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions:

- A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further

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contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under IAS 19, when an employee has rendered service to an entity during a period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense) and as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

- A defined benefit plan is any post-employment benefit plan other than a defined contribution plan. Under IAS 19, an entity uses an actuarial technique (the projected unit credit method) to estimate the ultimate cost to the entity of the benefits that employees have earned in return for their service in the current and prior periods, discounts that benefit in order to determine the present value of the defined benefit obligation and the current service cost, deducts the fair value of any plan assets from the present value of the defined benefit obligation, determines the amount of the deficit or surplus, and determines the amount to be recognised in profit and loss and other comprehensive income in the current period. Those measurements are updated each period.

### Other long-term benefits

These are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits. Measurement is similar to defined benefit plans.

### Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment. An entity recognises a liability and expense for termination benefits at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

### **IAS 20 Accounting for Government Grants and Disclosure of Government Assistance**

Government grants are transfers of resources to an entity by government in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is action by government designed to provide an economic benefit that is specific to an entity or range of entities qualifying under certain criteria.

An entity recognises government grants only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in profit or loss of the period in which it becomes receivable. Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are sometimes presented as a credit in the statement of comprehensive income, either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.

If a government grant becomes repayable, the effect is accounted for as a change in accounting estimate (see IAS 8).

### **IAS 21 *The Effects of Changes in Foreign Exchange Rates***

An entity may carry on foreign activities in two ways. It may have transactions in foreign currencies or it may have foreign operations. IAS 21 prescribes how an entity should:

- account for foreign currency transactions.
- translate financial statements of a foreign operation into the entity's functional currency.
- translate the entity's financial statements into a presentation currency, if different from the entity's functional currency. IAS 21 permits an entity to present its financial statements in any currency (or currencies).

The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.

An entity's functional currency is the currency of the primary economic environment in which the entity operates (ie the environment in which it primarily generates and expends cash). Any other currency is a foreign currency.

The following procedures apply when an entity accounts for transactions in a foreign currency. A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate at the date of the transaction. At the end of each reporting period:

- foreign currency monetary items are translated into the functional currency using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency continue to be translated using the exchange rate that prevailed at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates that prevailed at the date when the fair value was measured.

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The resulting exchange differences are recognised in profit or loss when they arise except for some exchange differences that form part of a reporting entity's net investment in a foreign operation. The latter are recognised initially in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

For translation into the functional currency or into a presentation currency, the following procedures apply, except in limited circumstances:

- assets and liabilities are translated at the exchange rate at the end of the period;
- income and expenses are translated at exchange rates at the dates of the transactions; and
- resulting exchange differences are recognised in other comprehensive income and reclassified to profit or loss on disposal of the related foreign operation.

### IAS 23 *Borrowing Costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. IAS 23 provides guidance on how to measure borrowing costs, particularly when the costs of acquisition, construction or production are funded by an entity's general borrowings.

### IAS 24 *Related Party Disclosures*

The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. If an entity has had related-party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related-party relationship as well as information about those transactions and outstanding balances,

including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

IAS 24 requires an entity to disclose key management personnel compensation in total and by category as defined in the Standard.

### ***IAS 26 Accounting and Reporting by Retirement Benefit Plans***

IAS 26 prescribes the minimum content of the financial statements of retirement benefit plans. It requires that the financial statements of a defined benefit plan must contain either:

- a statement that shows the net assets available for benefits; the actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits; and the resulting excess or deficit; or
- a statement of net assets available for benefits including either a note disclosing the actuarial present value of promised vested and non-vested retirement benefits or a reference to this information in an accompanying actuarial report.

### ***IAS 27 Separate Financial Statements***

IAS 27 prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements.

Separate financial statements are those presented in addition to consolidated financial statements. Separate financial statements could be those of a parent or of a subsidiary by itself. In separate financial statements, an investor accounts for investments in subsidiaries, joint ventures and associates either at cost, or in accordance with IFRS 9, or using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

### ***IAS 28 Investments in Associates and Joint Ventures***

IAS 28 requires an investor to account for its investment in associates using the equity method. IFRS 11 requires an investor to account for its investments in joint ventures using the equity method (with some limited exceptions). IAS 28 prescribes how to apply the equity method when accounting for investments in associates and joint ventures.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies. If an entity holds, directly or indirectly (eg through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount is then increased or decreased to recognise the investor's share of the subsequent profit or loss of the investee and to include that share of the investee's profit or loss in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee and for the investee's other comprehensive income.

### **IAS 29 *Financial Reporting in Hyperinflationary Economies***

IAS 29 applies to any entity whose functional currency is the currency of a hyperinflationary economy.

Hyperinflation is indicated by factors such as prices, interest and wages linked to a price index, and cumulative inflation over three years of around 100 per cent or more.

In a hyperinflationary environment, financial statements, including comparative information, must be expressed in units of the functional currency current as at the end of the reporting period. Restatement to current units of currency is made using the change in a general price index. The gain or loss on the net monetary position must be included in profit or loss for the period and must be separately disclosed.

An entity must disclose the fact that the financial statements have been restated, the price index used for restatement, and whether the financial statements are prepared on the basis of historical costs or current costs.

An entity must measure its results and financial position in its functional currency. However, after restatement, the financial statements may be presented in any currency by translating the results and financial position in accordance with IAS 21.

### **IAS 32 *Financial Instruments—Presentation***

IAS 32 specifies presentation for financial instruments. The recognition and measurement and the disclosure of financial instruments are the subjects of IFRS 9 or IAS 39 and IFRS 7 respectively.

For presentation, financial instruments are classified into financial assets, financial liabilities and equity instruments. Differentiation between a financial liability and equity depends on whether an entity has an obligation to deliver cash (or some other financial asset). However, exceptions apply. When a transaction will be settled in the issuer's own shares, classification depends on whether the number of shares to be issued is fixed or variable.

A compound financial instrument, such as a convertible bond, is split into equity and liability components. When the instrument is issued, the equity component is measured as the difference between the fair value of the compound instrument and the fair value of the liability component.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **IAS 33 *Earnings per Share***

IAS 33 deals with the calculation and presentation of earnings per share (EPS). It applies to entities whose ordinary shares or potential ordinary shares (for example, convertibles, options and warrants) are publicly traded. Non-public entities electing to present EPS must also follow the Standard.

An entity must present basic EPS and diluted EPS with equal prominence in the statement of comprehensive income. In consolidated financial statements, EPS measures are based on the consolidated profit or loss attributable to ordinary equity holders of the parent.

Dilution is a potential reduction in EPS or a potential increase in loss per share resulting from the assumption that convertible instruments are converted, options or warrants are exercised or executed, or ordinary shares are issued upon the satisfaction of specified conditions.

When the entity also discloses profit or loss from continuing operations, basic EPS and diluted EPS must be presented in respect of continuing operations. Furthermore, if an entity reports a discontinued operation, it must present basic and diluted amounts per share for the discontinued operation either in the statement of comprehensive income or in the notes.

IAS 33 sets out principles for determining the denominator (the weighted average number of shares outstanding for the period) and the numerator (earnings) in basic EPS and diluted EPS calculations.

The denominators used in the basic EPS and diluted EPS calculation might be affected by share issues during the year, shares to be issued upon conversion of a convertible instrument, contingently issuable or returnable shares, bonus issues, share splits and share consolidation, the exercise or executed of options and warrants, contracts that may be settled in shares, and contracts that require an entity to repurchase its own shares (written put options).

IAS 33 requires an entity to disclose:

- the amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to profit or loss;
- the weighted average number of ordinary shares used as the denominators in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other;
- a description of any other instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but that were not included in the calculation of diluted earnings per share; and

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- a description of ordinary share transactions that occur after the reporting period and that could have changed the EPS calculations significantly if those transactions had occurred before the end of the reporting period.

### **IAS 34 *Interim Financial Reporting***

An interim financial report is a complete or condensed set of financial statements for a period shorter than a financial year. IAS 34 does not specify which entities must publish an interim financial report. That is generally a matter for laws and government regulations. IAS 34 applies if an entity using IFRS Standards in its annual financial statements publishes an interim financial report that asserts compliance with IFRS Standards.

IAS 34 prescribes the minimum content of such an interim financial report. It also specifies the accounting recognition and measurement principles applicable to an interim financial report.

The minimum content is a set of condensed financial statements for the current period and comparative prior period information, ie statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, and selected explanatory notes. In some cases, a statement of financial position at the beginning of the prior period is also required. Generally, information available in the entity's most recent annual report is not repeated or updated in the interim report. The interim report deals with changes since the end of the last annual reporting period.

The same accounting policies are applied in the interim report as in the most recent annual report, or special disclosures are required if an accounting policy is changed. Assets and liabilities are recognised and measured for interim reporting on the basis of information available on a year-to-date basis. While measurements in both annual financial statements and interim financial reports are often based on reasonable estimates, the preparation of interim financial reports will generally require a greater use of estimation methods than annual financial statements.

### **IAS 36 *Impairment of Assets***

The core principle in IAS 36 is that an asset must not be carried in the financial statements at more than the highest amount to be recovered through its use or sale. If the carrying amount exceeds the recoverable amount, the asset is described as impaired. The entity must reduce the carrying amount of the asset to its recoverable amount, and recognise an impairment loss. IAS 36 also applies to groups of assets that do not generate cash flows individually (known as cash-generating units).

IAS 36 applies to all assets except those for which other Standards address impairment. The exceptions include inventories, deferred tax assets, assets arising from employee benefits, financial assets within the scope of IFRS 9, investment property measured at fair value, biological assets

within the scope of IAS 41, some assets arising from insurance contracts, and non-current assets held for sale.

The recoverable amount of the following assets in the scope of IAS 36 must be assessed each year—intangible assets with indefinite useful lives; intangible assets not yet available for use; and goodwill acquired in a business combination. The recoverable amount of other assets is assessed only when there is an indication that the asset may be impaired. Recoverable amount is the higher of (a) fair value less costs to sell and (b) value in use.

Fair value less costs to sell is the arm's length sale price between knowledgeable willing parties less costs of disposal.

The value in use of an asset is the expected future cash flows that the asset in its current condition will produce, discounted to present value using an appropriate discount rate. Sometimes, the value in use of an individual asset cannot be determined. In that case, recoverable amount is determined for the smallest group of assets that generates independent cash flows (a cash-generating unit). Whether goodwill is impaired is assessed by considering the recoverable amount of the cash-generating unit(s) to which it is allocated.

An impairment loss is recognised immediately in profit or loss (or in comprehensive income if it is a revaluation decrease under IAS 16 or IAS 38). The carrying amount of the asset (or cash-generating unit) is reduced. In a cash-generating unit, goodwill is reduced first, then other assets are reduced pro rata. The depreciation (amortisation) charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

An impairment loss for goodwill is never reversed. For other assets, when the circumstances that caused the impairment loss are favourably resolved, the impairment loss is reversed immediately in profit or loss (or in comprehensive income if the asset is revalued under IAS 16 or IAS 38). On reversal, the asset's carrying amount is increased, but not above the amount that it would have been without the prior impairment loss. Depreciation (amortisation) is adjusted in future periods.

## **IAS 37 Provisions, Contingent Liabilities and Contingent Assets**

IAS 37 defines and specifies the accounting for and disclosure of provisions, contingent liabilities, and contingent assets.

### **Provisions**

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities. Examples of provisions may include—warranty obligations; legal or constructive obligations to clean up contaminated land or restore facilities; and obligations caused by a retailer's policy to make refunds to customers.

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An entity recognises a provision if it is probable that an outflow of cash or other economic resources will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability.

A provision is measured at the amount that the entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Risks and uncertainties are taken into account in measuring a provision. A provision is discounted to its present value.

IAS 37 elaborates on the application of the recognition and measurement requirements for three specific cases:

- future operating losses—a provision cannot be recognised because there is no obligation at the end of the reporting period;
- an onerous contract gives rise to a provision; and
- a provision for restructuring costs is recognised only when the entity has a constructive obligation because the main features of the detailed restructuring plan have been announced to those affected by it.

### ***Contingent liabilities***

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. An example is litigation against the entity when it is uncertain whether the entity has committed an act of wrongdoing and when it is not probable that settlement will be needed.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

### ***Contingent assets***

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

## **IAS 38 Intangible Assets**

IAS 38 sets out the criteria for recognising and measuring intangible assets and requires disclosures about them. An intangible asset is an identifiable non-monetary asset without physical substance. Such an asset is identifiable

when it is separable, or when it arises from contractual or other legal rights. Separable assets can be sold, transferred, licensed, etc. Examples of intangible assets include computer software, licences, trademarks, patents, films, copyrights and import quotas. Goodwill acquired in a business combination is accounted for in accordance with IFRS 3 and is outside the scope of IAS 38. Internally generated goodwill is within the scope of IAS 38 but is not recognised as an asset because it is not an identifiable resource.

Expenditure for an intangible item is recognised as an expense, unless the item meets the definition of an intangible asset, and:

- it is probable that there will be future economic benefits from the asset; and
- the cost of the asset can be reliably measured.

The cost of generating an intangible asset internally is often difficult to distinguish from the cost of maintaining or enhancing the entity's operations or goodwill. For this reason, internally generated brands, mastheads, publishing titles, customer lists and similar items are not recognised as intangible assets. The costs of generating other internally generated intangible assets are classified into whether they arise in a research phase or a development phase. Research expenditure is recognised as an expense. Development expenditure that meets specified criteria is recognised as the cost of an intangible asset.

Intangible assets are measured initially at cost. After initial recognition, an entity usually measures an intangible asset at cost less accumulated amortisation. It may choose to measure the asset at fair value in rare cases when fair value can be determined by reference to an active market.

An intangible asset with a finite useful life is amortised and is subject to impairment testing. An intangible asset with an indefinite useful life is not amortised, but is tested annually for impairment. When an intangible asset is disposed of, the gain or loss on disposal is included in profit or loss.

## **IAS 39 Financial Instruments—Recognition and Measurement**

*Will be superseded by IFRS 9.*

IAS 39 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also prescribes principles for derecognising financial instruments and for hedge accounting. The presentation and the disclosure of financial instruments are the subjects of IAS 32 and IFRS 7 respectively.

### **Recognition and derecognition**

A financial instrument is recognised in the financial statements when the entity becomes a party to the financial instrument contract. An entity removes a financial liability from its statement of financial position when its obligation is extinguished. An entity removes a financial asset from its statement of financial position when its contractual rights to the asset's cash flows expire, when it has transferred

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the asset and substantially all the risks and rewards of ownership, or when it has transferred the asset, and has retained some substantial risks and rewards of ownership, but the other party may sell the asset. The risks and rewards retained are recognised as an asset.

### Measurement

A financial asset or financial liability is measured initially at fair value. Subsequent measurement depends on the category of financial instrument. Some categories are measured at amortised cost, and some at fair value. In limited circumstances other measurement bases apply, for example, certain financial guarantee contracts.

The following are measured at amortised cost:

- held-to-maturity investments—non-derivative financial assets that the entity has the positive intention and ability to hold to maturity;
- loans and receivables—non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; and
- financial liabilities that are not carried at fair value through profit or loss or otherwise required to be measured in accordance with another measurement basis.

The following are measured at fair value:

- financial assets and financial liabilities held for trading—this category includes derivatives not designated as hedging instruments and financial assets and financial liabilities that the entity has designated for measurement at fair value. All changes in fair value are reported in profit or loss.
- available for sale financial assets—all financial assets that do not fall within one of the other categories. These are measured at fair value. Unrealised changes in fair value are reported in other comprehensive income. Realised changes in fair value (from sale or impairment) are reported in profit or loss at the time of realisation.

IAS 39 sets out the conditions where special hedge accounting is permitted, and the procedures for doing hedge accounting.

### **IAS 40 Investment Property**

Investment property is land or a building (including part of a building) or both that is:

- held to earn rentals or for capital appreciation or both;
- not owner-occupied;
- not used in the production or supply of goods and services, or for administration; and
- not held for sale in the ordinary course of business.

Investment property may include investment property that is being redeveloped.

An investment property is measured initially at cost. The cost of an investment property interest held under a lease is measured in accordance with IAS 17 (or IFRS 16 if the entity has elected early adoption of that Standard).

For subsequent measurement an entity must adopt either the fair value model or the cost model as its accounting policy for all investment properties. All entities must determine fair value for measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). Fair value reflects market conditions at the end of the reporting period.

Under the fair value model, investment property is remeasured at the end of each reporting period. Changes in fair value are recognised in profit or loss as they occur. Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, without deducting transaction costs (see IFRS 13).

Under the cost model, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Fair value is disclosed. Under the cost model, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

Gains and losses on disposal are recognised in profit or loss.

## **IAS 41 Agriculture**

IAS 41 prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. Agricultural activity is the management of the biological transformation of biological assets (living animals or plants) and the harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

IAS 41 establishes the accounting treatment for biological assets during their growth, degeneration, production and procreation, and for the initial measurement of agricultural produce at the point of harvest. It does not deal with the processing of agricultural produce after harvest (for example, processing grapes into wine, or wool into yarn). IAS 41 contains the following accounting requirements:

- bearer plants are accounted for using IAS 16;
- other biological assets are measured at fair value less costs to sell;
- agricultural produce at the point of harvest is also measured at fair value less costs to sell;
- changes in the fair value of biological assets are included in profit or loss; and
- biological assets attached to land (for example, trees in a plantation forest) are measured separately from the land.

The fair value of a biological asset or of agricultural produce is its market price less any costs to sell the produce. Costs to sell include commissions, levies, and transfer taxes and duties.

# Overview of IFRS Standards

## continued...

IAS 41 differs from IAS 20 with regard to recognition of government grants. Unconditional grants related to biological assets measured at fair value less costs to sell are recognised as income when the grant becomes receivable. Conditional grants are recognised as income only when the conditions attaching to the grant are met.

### **The IFRS Standard for Small and Medium-sized Entities (*IFRS for SMEs Standard*)**

The *IFRS for SMEs Standard* is a small (approximately 250 pages) Standard that is tailored for small companies. It focuses on the information needs of lenders, creditors and other users of SME financial statements who are interested primarily in information about cash flows, liquidity and solvency. It takes into account the costs to SMEs and the capabilities of SMEs to prepare financial information. While based on the principles in full IFRS Standards, the *IFRS for SMEs Standard* is a stand-alone document. It is organised by topic. The *IFRS for SMEs Standard* reflects five types of simplifications from full IFRS Standards:

- some topics in full IFRS Standards are omitted because they are not relevant to typical SMEs;
- some accounting policy options in full IFRS Standards are not allowed because a more simplified method is available to SMEs;
- many of the recognition and measurement principles that are in full IFRS Standards have been simplified;
- substantially fewer disclosures are required; and
- the text of full IFRS Standards has been redrafted in 'plain English' for easier understandability and translation.

# IFRS learning resources

The IFRS Foundation maintains, on its website, a comprehensive list of English language resources about IFRS Standards that are available to accounting practitioners, educators, students and others who wish to study IFRS Standards. Most of the internet resources are available without charge (purchased access is indicated). This list is not copyrighted and may be freely reproduced and distributed (without alteration). The latest version may be downloaded at: <http://go.ifrs.org/IFRS-Learning-Resources>.

The list includes resources available from:

- International Accounting Standards Board and IFRS Foundation;
- BDO;
- Deloitte;
- EY;
- Grant Thornton;
- KPMG;
- PwC;
- RSM International;
- US Securities and Exchange Commission;
- American Accounting Association;
- American Institute of CPAs;
- Chartered Professional Accountants of Canada;
- International Association for Accounting Education and Research;
- European Commission; and
- European Commission programme for Technical Assistance to the Commonwealth of Independent States (TACIS).

The list also includes textbooks based on IFRS Standards issued within the past five years and books with histories of the IASC and the Board.

Each of the resources includes hyperlinks to view or obtain the resource on the Internet.

# Resources on the IFRS website

|                                          |                                                                                                               |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Profiles on the use of IFRS Standards    | <a href="http://go.ifrs.org/Use-around-the-world">http://go.ifrs.org/Use-around-the-world</a>                 |
| IFRS Standards                           | <a href="http://go.ifrs.org/Unaccompanied-Standards">http://go.ifrs.org/Unaccompanied-Standards</a>           |
| Consultation documents open for comment  | <a href="http://go.ifrs.org/Open-For-Comment">http://go.ifrs.org/Open-For-Comment</a>                         |
| <i>IFRS for SMEs</i> Standard            | <a href="http://go.ifrs.org/IFRS-for-SMEs">http://go.ifrs.org/IFRS-for-SMEs</a>                               |
| IASB work plan                           | <a href="http://go.ifrs.org/IASB-work-plan">http://go.ifrs.org/IASB-work-plan</a>                             |
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# The author

## Paul Pacter



Paul Pacter was a member of the Board from 2010 to 2012. He is now a consultant to the Board. In that capacity he manages a project to assess progress towards adoption of IFRS Standards in individual jurisdictions throughout the world.

Prior to serving on the Board, Paul held two concurrent positions:

- Director in the Global IFRS Office of Deloitte Touche Tohmatsu in Hong Kong (2000–2010).
- Director of Standards for Small and Medium-sized Entities (SMEs) at the Board (2003–2010). In that capacity he helped the Board develop an accounting standard that reduces the financial reporting burden on SMEs.

He worked for the Board's predecessor, the International Accounting Standards Committee, from 1994 to 2000, managing projects on financial instruments, interim financial reporting, segment reporting, discontinued operations, extractive industries, agriculture and electronic financial reporting.

Previously, Paul worked for the FASB for 16 years, and, for seven years, was Commissioner of Finance of the City of Stamford, Connecticut. Paul was Vice-Chairman of the Advisory Council to the US Governmental Accounting Standards Board (the GASB) (1984 to 1989) and a member of the GASB's pensions task force and FASB's consolidation task force. He is coauthor of two university textbooks and has published over 100 professional monographs and articles. He received his PhD from Michigan State University and is a Certified Public Accountant. He has taught in several MBA programmes for working business managers.





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### **Pocket Guide to IFRS® Standards: the global financial reporting language**

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