

2015

IFRS Foundation®

IFRS® as global standards: a pocket guide

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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IFRS as global standards: a pocket guide

2015

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IFRS by numbers

94% (130/138 jurisdictions) have made a public commitment to IFRS as the single set of global accounting standards.

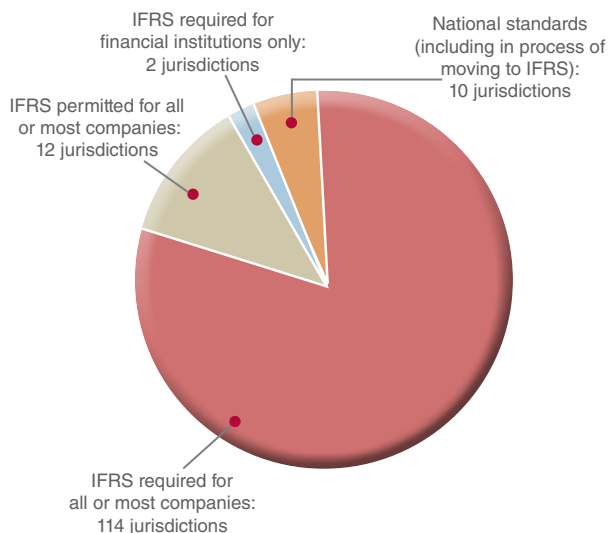
83% (114/138 jurisdictions) already require the use of IFRS by all or most public companies, with most of the remaining jurisdictions permitting their use.

\$41 trillion combined GDP of IFRS jurisdictions, representing more than half of the worldwide GDP.

\$24 trillion non-EU While the European Union remains the single biggest IFRS jurisdiction, the combined GDP of IFRS jurisdictions outside the EU (US\$24 trillion) is now greater than that of the EU itself (US\$17 trillion).

50% In less than six years since its publication, the *IFRS for SMEs* has been adopted by 50 per cent (69/138) of jurisdictions while a further 15 jurisdictions are considering doing so.

Most jurisdictions already require IFRS for domestic reporting



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Use of IFRS – the ‘Big Picture’ from 138 profiles

Region	Number of jurisdictions surveyed				
	In the region	That require IFRS for all or most domestic publicly accountable entities	That require IFRS as % of total jurisdictions in the region	That permit or require IFRS for at least some (but not all or most) domestic publicly accountable entities	That neither require nor permit IFRS for any domestic publicly accountable entities
Europe	42	41	98%	1	0
Africa	20	16	80%	1	3
Middle East	7	6	86%	1	0
Asia-Oceania	32	24	75%	3	5
Americas	37	27	73%	8	2
Totals	138	114	83%	14	10
As % of 138	100%	83%		10%	7%

Foreword



The vision of global accounting standards is shared by almost every country in the world. More than 100 countries require the use of International Financial Reporting Standards (IFRS), while most other jurisdictions permit the use of IFRS in at least some circumstances. We are not yet at the point in which IFRS adoption is total and complete. But if you consider that just 15 years ago very few jurisdictions even permitted IFRS, we have come a very long way in a short period of time.

The International Accounting Standards Board (IASB) has no power to mandate the use of IFRS in any country. Before adopting IFRS, legislators or regulators must assess the public benefit of providing high quality and transparent information to capital providers who make investment, lending and credit decisions. In most cases, that assessment has resulted in adoption of IFRS in full and without modification.

Some of the questions I am most frequently asked about IFRS are: who actually uses IFRS? Which countries? Which companies? Which financial statements? Required or permitted? Do jurisdictions modify IFRS before they are adopted locally? What about small and medium-sized entities (SMEs)?

The shortage of authoritative information in this area meant that we were only able to estimate the use of IFRS globally. It also led to legitimate questions being asked by some about the true extent of IFRS usage. In late 2012, the IFRS Foundation began a project to gather that information—to enable it to get the full picture of IFRS use around the world. The project has been led by former IASB member Paul Pacter. Paul and his team obtained information from surveys of individual jurisdictions and other sources, and drafted jurisdiction profiles on the use of IFRS. To ensure accuracy, those drafts were reviewed by the standard-setter in each jurisdiction, by international audit firms and regulators and others.

We have now posted on our website comprehensive IFRS profiles for 138 countries or other jurisdictions. This guide provides a summary of that information. Those profiles tell a remarkable story of progress towards IFRS as global accounting standards that exceeds even our own estimates about the extent and consistency of IFRS adoption.

Hans Hoogervorst
Chairman, International Accounting Standards Board
March 2015

Purpose of this guide

This guide is primarily an overview of the extent of adoption of IFRS in 138 countries and other jurisdictions around the world. Those jurisdictions represent over 97 per cent of the world's Gross Domestic Product (GDP).

The guide includes summaries of the use of IFRS in those 138 jurisdictions. The summaries provide a comprehensive picture of exactly where and how IFRS is used globally. Detailed information underlying the summaries may be found on the IFRS Foundation's website: 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, this guide summarises:

- what IFRS is;
- why countries and other jurisdictions, and companies in those jurisdictions, would want to adopt IFRS, that is, the perceived benefits;
- the history of the development of IFRS;
- how IFRS is developed;
- for 138 countries and other jurisdictions, information about:
- the accounting standards required for publicly accountable entities (listed companies and financial institutions);
- the accounting standards required for SMEs; and
- how IFRS is endorsed or otherwise authorised for use;
- links to resources; and
- requirements of current Standards.

The vision

The IASB

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

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

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

The vision in 2000: a single set of global accounting standards

The founders of the IASB set out the fundamental objective of the IASB and the IFRS 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, World Bank, the International Monetary Fund (IMF), Basel Committee, International Organization of Securities Commissions (IOSCO) and the International Federation of Accountants (IFAC).

That vision is consistent with the objective of the IASB's predecessor standard-setting body, the IASC, which developed IAS 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.¹ 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 is in the best interests of the global economy, and that any divergence from a single set of standards, once transition to IFRS is complete, can undermine confidence in financial reporting.

¹ 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 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 IFRS as issued by the IASB.

Different pathways towards adoption

At the same time, the Trustees recognised that the adoption of IFRS is a voluntary public-interest decision by the legislative and regulatory authorities in individual jurisdictions. Neither the IFRS Foundation nor the IASB has the authority to mandate or supervise adoption. Countries need to establish their own mechanisms for bringing IFRS 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 as issued by the IASB.

What is IFRS?

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

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

Standards as of 1 January 2015

Year of original
issue or major
amendment

The Conceptual Framework for Financial Reporting

2010

International Financial Reporting Standards (IFRS)

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 (2014)</i>	2009
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

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
IAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>	2003

Standards as of 1 January 2015 continued...

		Year of original issue or major amendment			Year of original issue or major amendment
IAS 23	Borrowing Costs	2007	IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	2005
IAS 24	Related Party Disclosures	2003	IFRIC 10	Interim Financial Reporting and Impairment	2006
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1987	IFRIC 12	Service Concession Arrangements	2006
IAS 27	Separate Financial Statements	2003	IFRIC 13	Customer Loyalty Programmes*	2007
IAS 28	Investments in Associates and Joint Ventures	2011	IFRIC 14	IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2007
IAS 29	Financial Reporting in Hyperinflationary Economies	2008	IFRIC 15	Agreements for the Construction of Real Estate*	2008
IAS 32	Financial Instruments: Presentation	2003	IFRIC 16	Hedges of a Net Investment in a Foreign Operation	2008
IAS 33	Earnings per Share	2003	IFRIC 17	Distributions of Non-cash Assets to Owners	2008
IAS 34	Interim Financial Reporting	1998	IFRIC 18	Transfers of Assets from Customers*	2009
IAS 36	Impairment of Assets	2004	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	2009
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998	IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2011
IAS 38	Intangible Assets	2004	IFRIC 21	Levies	2013
IAS 39	Financial Instruments: Recognition and Measurement**	2003	SIC-7	Introduction of the Euro	1998
IAS 40	Investment Property	2003	SIC-10	Government Assistance—No Specific Relation to Operating Activities	1998
IAS 41	Agriculture	2008	SIC-15	Operating Leases—Incentives	1999
Interpretations			SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders	2000
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2004	SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2000
IFRIC 2	Members' Shares in Cooperative Entities and Similar Instruments	2004	SIC-29	Service Concession Arrangements: Disclosures	2001
IFRIC 4	Determining whether an Arrangement contains a Lease	2004	SIC-31	Revenue—Barter Transactions Involving Advertising Services*	2001
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2004	SIC-32	Intangible Assets—Web Site Costs	2001
IFRIC 6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment	2005	IFRS for SMEs		
			The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)		2009

* Superseded by IFRS 15.

** Superseded by IFRS 9.

Financial reporting standards for the world economy

Our mission is to develop International Financial Reporting Standards (IFRS) 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 brings **transparency** by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.
- IFRS strengthens **accountability** by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our Standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS is also of vital importance to regulators around the world.
- IFRS contributes 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 is developed

IFRS is developed by the IASB. The IASB:

- is an independent standard-setting board, overseen by a geographically and professionally diverse body of Trustees of the IFRS Foundation, which is publicly accountable to a Monitoring Board of public capital market authorities.
- has (at 1 January 2015) 14 full-time members drawn from 11 countries and a variety of professional backgrounds. IASB members are appointed by, and accountable to, the Trustees of the IFRS 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 co-ordination office located in Tokyo.
- is supported by an external IFRS Advisory Council, an Accounting Standards Advisory Forum (ASAF) of national standard-setters and an 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;
 - IASB 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 IASB's deliberations as well as all of the comments received from interested parties.
- collaborates with the worldwide standard-setting community.

IASB/IFRS Foundation history

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

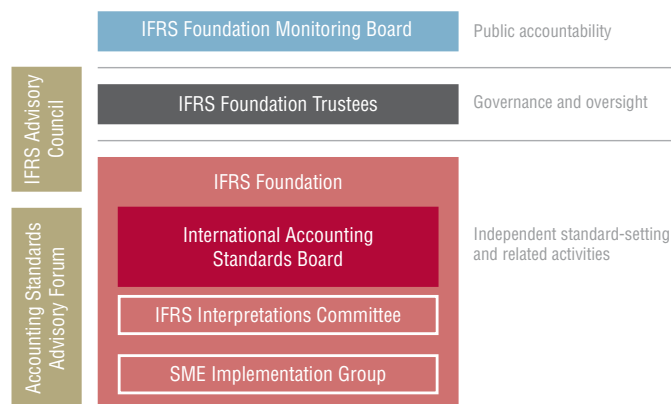
	Evolution of the IFRS Foundation	Progress towards global accounting standards
	<p>Hans Hoogervorst appointed as Chairman of the IASB, Ian Mackintosh as Vice-Chairman.</p>	<p>Nearly 80 jurisdictions have adopted the <i>IFRS for SMEs</i>, or announced plans to do so.</p>
2010	<p>Trustees begin a review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

IASB/IFRS Foundation history

continued...

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

Structure of the IFRS Foundation and the IASB



The Standards development process



The Standards development process continued...

The IASB follows a rigorous, evidence-based process for developing Standards.

Agenda consultation

The IASB conducts a comprehensive review of its technical agenda every three years, although, of course, it stands ready to address urgent issues rapidly if the need arises. On the basis of public input received during the triennial agenda consultation, the IASB develops a three- to five-year agenda of projects. Apart from the reviews, the IASB and/or the Interpretations Committee evaluate all requests received for possible interpretation or amendment of a Standard.

Research programme

Once a project has been identified as a candidate for a possible Standard, the IASB staff undertake a programme of research aimed at gathering evidence to define the problem and identify whether there is a financial reporting matter that justifies an effort by the IASB. The evidence-gathering includes (for major projects) soliciting public input via a Discussion Paper or similar document. National accounting standard-setters are invited to help in the research effort. The research programme leads either to a project proposal or to a recommendation not to develop a Standard.

Standards programme

If the IASB decides to develop a Standard, it reviews the results of the research, including the comments received on the Discussion Paper, and develops proposed solutions to the issues that were identified. To assist in developing the proposed solutions, the IASB often appoints a working group of experts on the issue. It also consults with the Advisory Council and the ASAF. The IASB publishes its proposals in the form of an Exposure Draft. Public comments are invited. To gather additional evidence, IASB members and staff undertake worldwide outreach by various means, including round-table meetings and webcasts, with special efforts to obtain the views of users of financial statements. The culmination of the standards programme is the issue of a new or amended Standard.

Implementation

The IASB monitors the implementation of new or amended Standards to identify any implementation problems that may need to be addressed by an Interpretation or a narrow-scope amendment to the Standard. The Interpretations Committee takes the lead in developing the Interpretations or amendments for final clearance by the IASB. Public comments are invited. Once a new Standard or major amendment has been in place for several years, the IASB conducts a Post-implementation Review to assess whether the Standard is achieving its objective and, if not, what amendments should be considered.

Members of the IASB (1 January 2015)

Hans Hoogervorst, Chairman

Former Chairman, Netherlands Authority for the Financial Market (AFM), (The Netherlands)
Appointed: 1 July 2011
Term expires: 30 June 2016

Ian Mackintosh, Vice-Chairman

Former Chairman, UK Accounting Standards Board, (New Zealand)
Appointed: 1 July 2011
Term expires: 30 June 2016

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

Philippe Danjou

Former Director of the Accounting Division, Autorité des Marchés Financiers (AMF), the French securities regulator, (France)
Appointed: 1 July 2006
Second term expires: 30 June 2016

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

Patrick Finnegan

Former Director, Financial Reporting Policy Group, CFA Institute Center for Financial Market Integrity, (United States)
Appointed: 1 July 2009
Second Term expires: 30 June 2019

Gary Kabureck

Former Chief Accounting Officer and Corporate Vice-President, Xerox Corporation, (United States)
Appointed: 15 April 2013
Term expires: 30 June 2017

Suzanne Lloyd

Former Senior Director Technical Activities, IASB, (New Zealand)
Appointed: 1 January 2014
Term expires: 31 December 2018

Takatsugu (Tak) Ochi

Former Assistant General Manager, Sumitomo Corporation; former adviser, Nippon Keidanren and Accounting Standards Board of Japan, (Japan)
Appointed: 1 July 2011
Term expires: 30 June 2016

Darrel Scott

Former CFO, FirstRand Banking Group, (South Africa)
Appointed: 1 October 2010
Second Term expires: 30 June 2018

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 the China Securities Regulatory Commission, (People's Republic of China)
Appointed: 1 July 2007
Second term expires: 30 June 2017

IASB advisory bodies

The IASB's formal advisory bodies provide an important channel for the IASB to receive input on its work and to consult interested parties from a broad range of backgrounds and geographical regions in a transparent manner. The following table provides an overview of the IASB's formal advisory bodies and their form of engagement with the IASB. For more information, visit: <http://go.ifrs.org/Advisory-Bodies> .

Group	Established by the IASB?	IASB chair?	Agenda set by IASB, group or both	Form of representation	Member selection	Composition
Accounting Standards Advisory Forum	Yes	Yes	Both	Delegates	Trustees	International standard-setters
Capital Markets Advisory Committee	No	No	Both	Individuals	Group	International users of financial statements
Consultative groups	Yes	Yes	IASB	Individuals	Trustees with public search	Technical sector experts
Emerging Economies Group	Yes	Yes	Both	Both	Group	Emerging economies
Financial Crisis Advisory Group [concluded its work]	Yes	No	Group	Individuals	Trustees with public search	International cross-sector

...continued

Group	Established by the IASB?	IASB chair?	Agenda set by IASB, group or both	Form of representation	Member selection	Composition
Global Preparers Forum	No	No	Both	Individuals	Group	International preparers
SME Implementation Group	Yes	Yes	Group	Individuals	Trustees with public search	International area experts
Transition Resource Group for Revenue Recognition	Yes (jointly with FASB)	Co-chaired by IASB and FASB Vice-Chairs	IASB/FASB	Individuals	IASB and FASB	Preparers, auditors and users of financial statements
Transition Resource Group for Impairment of Financial Instruments	Yes	Yes	IASB	Individuals	IASB	Preparers and auditors

Why adopt IFRS?

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 (OECD) estimates that worldwide Foreign Direct Investment (FDI) outflows in 2013 were US\$1.281 trillion. The historically highest level was in 2007 (US\$2.170 trillion).
- 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 nearly US\$14 trillion in 2013. And US investors held over US\$9 trillion of foreign corporate stocks and bonds in 2013.³

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 the 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 concluded that most of the studies 'provide evidence that IFRS has improved efficiency of capital market operations and promoted cross-border investment'.⁴

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

³ *Foreign Portfolio Holdings of U.S. Securities as of June 30, 2013*, U.S. Department of the Treasury, April 2014. <http://www.treasury.gov/ticdata/Publish/shla2013r.pdf> And U.S. Portfolio Holdings of Foreign Securities as of December 31, 2013, U.S. Department of the Treasury, October 2014. http://www.treasury.gov/ticdata/Publish/shc2013_report.pdf

⁴ *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

In their 2012 strategy report, the Trustees acknowledged that they need a better understanding of exactly how IFRS is being applied by for-profit business entities around the world, jurisdiction by jurisdiction.⁵ 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 IFRS Foundation began a project to develop and post on its website profiles about the use of IFRS in individual countries and other jurisdictions. The IFRS Foundation engaged former IASB member Paul Pacter to manage the project and develop the profiles.

The IFRS Foundation used information from various sources to develop the profiles. The starting point was the responses provided by standard-setting and other relevant bodies to a survey that the IFRS Foundation conducted. The IFRS Foundation drafted the profiles and invited the respondents to the survey 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 138 jurisdictions, including all of the G20 jurisdictions plus 118 others. Eventually, the IFRS Foundation plans to have a profile for every jurisdiction that has adopted IFRS, or is on a programme towards adoption of IFRS.

The individual jurisdiction profiles may be downloaded without charge from the IFRS Foundation's website here: <http://go.ifrs.org/Use-around-the-world>. Each profile is four to six pages in length and is a PDF file of about 50kb 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, Internet hyperlinks to referenced documents are included:

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

⁵ 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, 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 (128 of the 138) have made a public commitment to supporting a single set of high quality global accounting standards. Only Albania, Belize, Bermuda, Cayman Islands, Egypt, Macao, Paraguay, Suriname, Switzerland and Vietnam have not.

Commitment to IFRS

The relevant authority in all but 8 of the 138 jurisdictions (Belize, Bermuda, Cayman Islands, Egypt, Macao, Suriname, Switzerland and Vietnam) has made a public commitment to IFRS as the single set of global accounting standards. Even in the absence of a public statement, IFRS is commonly used by listed companies in Belize, Bermuda, Cayman Islands and Switzerland.

Adoption of IFRS

Of the 138 jurisdictions, 114 (83 per cent of the profiles) require IFRS for all or most domestic publicly accountable entities (listed companies and financial institutions) in their capital markets. All but two of those have already begun using IFRS. Bhutan and Colombia will begin using IFRS in 2021 and 2015 respectively. Some comments on the remaining 24 jurisdictions that have not adopted:

- 12 jurisdictions permit, instead of require, IFRS: Bermuda, Cayman Islands, Guatemala, Honduras, India, Japan, Madagascar, Nicaragua, Panama, Paraguay, Suriname and Switzerland;
- two jurisdictions require IFRS for financial institutions: Saudi Arabia and Uzbekistan;
- one jurisdiction is in the process of adopting IFRS in full: Thailand;
- one jurisdiction is in process of converging its national standards substantially (but not entirely) with IFRS: Indonesia; and
- eight jurisdictions use national or regional standards: Bolivia, China, Egypt, Guinea-Bissau, Macao, Niger, the United States and Vietnam.

The 114 jurisdictions classified as requiring IFRS 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 114 also include several jurisdictions that have adopted IFRS word-for-word as their national accounting standards (including Australia, Hong Kong, Korea (South) and New Zealand).

The 114 also include three jurisdictions that have adopted recent, but not the latest, Bound Volumes of IFRS: Macedonia (2009); Myanmar (2010); and Venezuela (2008). Those jurisdictions are working to update their adoption to the current version.

The 138 profiles include all 31 member states of the EU and the European Economic Area, in which IFRS is required for all European companies whose securities trade in a regulated market.

Which companies are required or permitted to use IFRS?

The 114 jurisdictions that require IFRS for all or most domestic publicly accountable entities include seven that have no stock exchange but that require IFRS for all financial institutions (Afghanistan, Angola, Belize, Brunei, Kosovo, Lesotho and Yemen). Of the 107 jurisdictions that do have stock exchanges, six do not require IFRS for listed financial institutions (Argentina, El Salvador, Israel, Mexico, Peru and Uruguay) though they do require IFRS for other listed companies. All of the others require IFRS for all listed companies. Around 60 per cent of the 114 jurisdictions that require IFRS for all or most domestic publicly traded companies also require IFRS for some domestic companies whose securities are not publicly traded, generally financial institutions and large unlisted companies. Over 90 per cent of the 114 jurisdictions that require IFRS for all or most domestic publicly traded companies also require or permit IFRS for all or most non-publicly traded companies.

Few modifications

The 138 jurisdictions made very few modifications to IFRS, and the few that were made are generally regarded as temporary steps in the jurisdiction's plans to adopt IFRS. For example, the EU itself describes its IAS 39 'carve-out' as 'temporary', and the 'carve-out' has been applied by fewer than two dozen banks out of the 8,000 IFRS companies whose securities trade on a regulated market in Europe. Several modifications related to IASB agenda projects that are now completed, including loan loss provisioning, use of the equity method to account for subsidiaries in separate company financial statements, and bearer agricultural assets. Jurisdictions have already begun eliminating those modifications. Several other modifications relate to projects currently on the IASB's agenda, including accounting for rate-regulated activities. A few jurisdictions deferred the effective dates of some Standards, particularly IFRS 10, 11 and 12 and IFRIC 15, though many of those deferrals have now ended.

Auditor's report

In 82 jurisdictions, the auditor's report (and/or basis of presentation note) refers to conformity with IFRS. In another 33 jurisdictions, the auditor's report refers to conformity with IFRS 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

The *IFRS for SMEs* is a small (230-page) 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 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, the *IFRS for SMEs* is a stand-alone Standard. It is organised by topic and, compared with full IFRS and many national requirements, the *IFRS for SMEs* is considerably less complex. It reflects five types of simplifications from full IFRS:

- some topics in full IFRS are omitted because they are not relevant to typical SMEs;

What the profiles show

continued...

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

How many jurisdictions have adopted the IFRS for SMEs?

69 of the 138 jurisdictions whose profiles are posted require or permit the *IFRS for SMEs*. It is also currently under consideration in a further 15 jurisdictions.

Which jurisdictions have adopted the IFRS for SMEs?

The 69 jurisdictions that require or permit the *IFRS for SMEs* are:

Anguilla, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belize, Bhutan, Bosnia and Herzegovina, Botswana, Brazil, Cambodia, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Fiji, Georgia, Ghana, Grenada, Guatemala, Guyana, Honduras, Hong Kong, Iraq, Ireland, Israel, Jamaica, Jordan, Kenya, Lesotho, Macedonia, Maldives, Mauritius, Montserrat, Myanmar, Nicaragua, Nigeria, Panama, Peru, Philippines, Rwanda, Saint Lucia, Saudi Arabia, Serbia, Sierra Leone, Singapore, South Africa, Sri Lanka, St Kitts and Nevis, St Vincent and the Grenadines, Swaziland, Switzerland, Tanzania, Trinidad & Tobago, Turkey, Uganda, United Arab Emirates, United Kingdom, Venezuela, Yemen, Zambia and Zimbabwe.

Is the IFRS for SMEs required or permitted?

For the 69 jurisdictions that require or permit the *IFRS for SMEs*:

- eight jurisdictions require the *IFRS for SMEs* for all SMEs that are not required to use full IFRS;
- 44 jurisdictions give an SME a choice to use full IFRS instead of the *IFRS for SMEs*;
- 16 jurisdictions give an SME a choice to use either full IFRS or local generally accepted accounting principles (GAAP) instead of the *IFRS for SMEs*; and
- one jurisdiction requires an SME to use local GAAP if it does not choose the *IFRS for SMEs*.

Modifications of the IFRS for SMEs

In requiring or permitting the *IFRS for SMEs*, 61 of the 69 jurisdictions made no modifications to its requirements. Eight jurisdictions made modifications as follows:

- two jurisdictions (Argentina and Brazil) require use of the equity method to account for investments in subsidiaries in separate financial statements. The IASB has recently made a similar amendment to full IFRS (and this will be considered for the *IFRS for SMEs* in a future review of the Standard).

- one jurisdiction (Hong Kong) modified Section 29 *Income Tax* to conform to the requirements of IAS 12 *Income Taxes*. The IASB has decided to amend the *IFRS for SMEs* in this regard as part of the comprehensive review of the IFRS for SMEs currently underway.
- one jurisdiction (Saudi Arabia) has indicated that modifications are under consideration that would be adopted before the planned effective date of the *IFRS for SMEs*, but it has not yet decided on those modifications.
- two jurisdictions (Ireland and United Kingdom) made some significant modifications in adopting the *IFRS for SMEs*, including adding in options allowed under full IFRS that are not allowed in the *IFRS for SMEs*. 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*.

IFRS provides the 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 58 per cent of the world's GDP receive IFRS financial statements. IFRS is 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 non-EU/EEA jurisdictions that use IFRS also are a large component of the IFRS users:

- all EU/EEA jurisdictions require IFRS for all or most domestic listed companies. The 2012 GDP of those 31 jurisdictions totals US\$17.2 trillion.
- the combined 2012 GDP of the non-EU/EEA jurisdictions that either require or permit IFRS for all or most domestic listed companies is US\$23.8 trillion.

The jurisdiction summaries

The following pages in this booklet contain summaries of information included in the profiles of IFRS application in 138 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.

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 is required for all companies other than micro-sized, and for all banks, by both the Afghanistan Corporations and Limited Liability Companies Law and the Law of Banking.

Separate company financial statements: IFRS is required in separate company financial statements.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? IFRS is required by law. This covers all new and amended 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. Micros may use a cash basis of accounting.

Albania



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

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

- 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 Lek 1,250 billion (approximately US\$11 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 (NACA) and approved by the Minister of Finance.

IFRS endorsement

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

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

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

Endorsement process for new or amended Standards? No. 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* in full. The *IFRS for SMEs* will be used by all entities that are not required to use full IFRS.

Angola



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 is 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 is required for banks and other financial institutions.

IFRS endorsement

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

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

Modifications to IFRS: None.

Endorsement process for new or amended Standards? By reference to IFRS in its regulations, the National Bank of Angola will adopt IFRS as issued by the IASB. This means that all future new and amended 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 (ARSEG) are required to prepare their financial statements in conformity with the Angolan Accounting Law and the General Accounting Plan (PGC) 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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS and all listed companies follow IFRS.

Banks, insurance companies and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

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

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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS and all listed companies follow IFRS.

Banks, insurance companies and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

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

Argentina



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

Listed companies other than financial institutions: IFRS has 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 (CNV).

Banks: Must apply the accounting regulations enforced by the Central Bank of Argentina (BCRA). On 12 February 2014, the BCRA issued Communication A5541 announcing a plan to converge the BCRA accounting standards for banks with IFRS. 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.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: Argentina made one modification to IFRS, namely that in separate company financial statements the equity method is required to account for investments in subsidiaries, associates and joint ventures. In 2014 the IASB made a similar change to IFRS.

Endorsement process for new or amended Standards? The process is managed by the Consejo Emisor de Normas de Contabilidad y de Auditoría (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 (FACPCE). If the FACPCE approves, 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* (depending on the approval of individual provincial governments). Otherwise, they are permitted to use full IFRS or Argentinian standards developed by the CENCyA.

Armenia



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 for all companies with the sole exception of micro-sized entities.

Financial institutions: Banks and other financial institutions are required to use IFRS.

Separate company financial statements: IFRS.

IFRS endorsement

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

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

Modifications to IFRS: 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 with a sole exception of micro-sized entities. Moreover, Article 3 of that Law states that IFRS 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? 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. 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 is 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.

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

IFRS endorsement

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

The auditor's report asserts compliance with: Both Australian Accounting Standards and IFRS.

Modifications to IFRS: Australia has not modified IFRS as applied by for-profit companies.

Endorsement process for new or amended Standards? IFRS (including Interpretations) is incorporated verbatim into Australian Accounting Standards and has the force of law for all companies that file financial statements with a governmental agency. In endorsing IFRS, the Australian Accounting Standards Board (AASB) issues an Exposure Draft (ED) incorporating an IASB ED at the same time as the IASB issues its ED. The AASB considers constituents' comments in drafting its comments to the IASB. The AASB monitors the development of a Standard and provides input to staff or IASB 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 or the AASB's Tier 2 reporting requirements (IFRS without consolidation and with reduced disclosures). In addition, there is no prohibition on non-reporting entities using the *IFRS for SMEs* if the entity is not reporting under the Corporations Act.

Austria



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 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 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 as adopted by the EU. Others are permitted to use IFRS 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 as adopted by the EU.

Azerbaijan



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

Listed companies and financial institutions: IFRS is 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 or the *IFRS for SMEs*.

Separate company financial statements: IFRS is required in the separate financial statements of all companies whose securities trade in a public market.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Endorsement is not needed. The Republic of Azerbaijan Accounting Law (2004) provides that new or amended 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*. Otherwise:

- SMEs other than 'subjects of small entrepreneurship' must choose between Azerbaijan National Accounting Standards and IFRS; and
- subjects of small entrepreneurship may choose the *IFRS for SMEs*, 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 unless the Bahamas Institute of Chartered Accountants (BICA) has specifically excluded any particular Standard. As a matter of practice, the BICA has never excluded any Standard. Bahamas has always adopted all Standards as they are issued and made effective. Consequently, all listed companies and financial institutions follow IFRS as issued by the IASB.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? New and amended 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* or full IFRS.

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: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Because the Commercial Companies Law requires IFRS, 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* or full IFRS. 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 IASB]. The ICAB has adopted IFRS as Bangladesh Financial Reporting Standards (BFRS).’

Separate company financial statements: These follow IFRS adopted as BFRS.

IFRS endorsement

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

The auditor’s report asserts compliance with: IFRS as adopted by the ICAB.

Modifications to IFRS: Bangladesh has not adopted IAS 39 in full. Instead, it has adopted the version of IAS 39 that was included in the 2010 IFRS Red Book. The 2010 IFRS 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*. However, Bangladesh has not adopted IFRS 9. 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 (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 as adopted by the ICAB or the *BFRS for SMEs*. The *BFRS for SMEs* is the *IFRS for SMEs* excluding 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 (ICAB) has adopted IFRS 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. The Barbados Stock Exchange is considering a proposed guideline that would eliminate the possibility of using some other GAAP.

Banks and other financial institutions: These must follow IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor’s report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Any new or amended 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 or full IFRS.

Belarus



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

Listed companies financial institutions: IFRS is currently required for banks and non-banking financial institutions (including insurance companies) whose securities trade in a public market. IFRS will be required in the consolidated financial statements of all other domestic companies whose securities trade in a public market starting from 2016.

Separate company financial statements: IFRS is currently required in the separate company financial statements of all banks and non-banking financial institutions whose securities are publicly traded. IFRS will be required in the separate financial statements of all insurance companies from 2016. Separate company financial statements of other publicly traded companies are prepared in conformity with applicable laws and regulations instead of IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 co-operation 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* 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 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 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 as adopted by the EU even if not publicly traded. Mutual funds and pension funds are permitted to use IFRS 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 as adopted by the EU.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 is 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 is required for domestic banks and permitted for all other companies.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 and the *IFRS for SMEs* are permitted without endorsement.

Accounting standards required for SMEs

Which standards do SMEs follow? Both full IFRS and the *IFRS for SMEs* 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 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 (BMA), the BMA has adopted a regulatory reporting framework. The BMA would accept IFRS, Canadian GAAP or US GAAP instead of the statutory reporting framework.

Separate company financial statements: IFRS is permitted in the separate financial statements of all companies whose securities trade in a public market.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

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

Accounting standards required for SMEs

Which standards do SMEs follow? Bermuda permits the use of IFRS, the *IFRS for SMEs* 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.

In July 2010, the government of Bhutan approved the formation of the Accounting and Auditing Standards Board of Bhutan (AASBB). The AASBB has authority to set Bhutanese accounting and auditing standards in line with international standards. The AASBB has decided to adopt IFRS 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 involves adoption of 18 Standards that companies must implement by the end of 2015. When fully adopted, IFRS will be required for listed companies and financial institutions and permitted for all other companies.

Separate company financial statements: IFRS permitted.

IFRS endorsement

Which standards do companies follow? Once IFRS is fully adopted by 2021, companies will follow IFRS as issued by the IASB.

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

Modifications to IFRS: 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*.

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 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 for the purpose of consolidation if this is required by their head office.

The Consejo Tecnico Nacional de Auditoria y Contabilidad (CTNAC, the National Technical Board of Auditors and Accountants) has approved a plan that would require IFRS (including the *IFRS for SMEs*) 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 (AEMP), 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: 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* has been developed and is awaiting government approval.

Bosnia and Herzegovina



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

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

	Consolidated financial statements	Separate financial statements
Listed companies	IFRS	IFRS
Banks	IFRS	IFRS
Insurance companies	IFRS	IFRS
Private pension funds	IFRS	IFRS
Other public interest entities	IFRS	IFRS
Large unlisted entities—exceed at least two out of three of the following: 250 employees, total assets of KM4 million (approximately US\$2.8 million) and total revenue of KM8 million (approximately US\$5.6 million).	IFRS	IFRS or the <i>IFRS for SMEs</i>
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 US\$0.7–2.8 million) and total revenue between KM2 and KM8 million (approximately US\$1.4–5.6 million).	IFRS	IFRS or the <i>IFRS for SMEs</i>
Small-sized entities—companies below the above sizes.	Consolidated financial statements are not required	IFRS or the <i>IFRS for SMEs</i> (but no equity or cash flow statements)

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

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

Accounting standards required for SMEs

Which standards do SMEs follow? See the table above.

Botswana



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

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

Separate company financial statements: IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 (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 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*. An exempt company is one that satisfies all three of the following conditions:

- turnover less than Pula 10 million (approximately US\$1.2 million);
- assets less than Pula 5 million (approximately US\$600,000); 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.

Brazil



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

Listed companies other than financial institutions: IFRS is 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 (see above).

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: Brazil modified IFRS to:

- require that, in separate company financial statements, the equity method must be used to account for investments in subsidiaries, associates and joint ventures; and
- prohibit early adoption.

Endorsement process for new or amended Standards? The Comitê de Pronunciamentos Contábeis (CPC, the Brazilian Accounting Pronouncements Committee) approves standards that are identical to IFRS as issued by the IASB. The Comissão de Valores Mobiliários (CVM, Securities and Exchange Commission of Brazil) endorses CPC standards for public entities. The Conselho Federal de Contabilidade (CFC) endorses CPC standards for non-public entities. In addition, the Brazilian Institute of Independent Auditors (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* unless they choose to use full IFRS—with one exception: some micro and small entities (gross revenue less than R\$3.6 million, which is approximately US\$1.8 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 (BDASC) has adopted IFRS as issued by the IASB 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.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

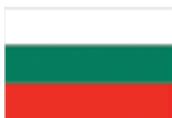
Modifications to IFRS: None.

Endorsement process for new or amended Standards? The BDASC is developing a process for endorsement of IFRS. 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 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 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 as adopted by the EU even if not publicly traded.

Separate company financial statements: IFRS as adopted by the EU.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 full IFRS as adopted by the EU or Bulgarian accounting standards. The Institute of Certified Public Accountants of Bulgaria (IDES) states that the profession and the IDES is strongly in favour of adoption of the *IFRS for SMEs*. However, the position of the legislators is generally to follow the EU rules. Consequently, the IDES states that adoption of the *IFRS for SMEs* 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 is adopted word-for-word as Cambodian International Financial Reporting Standards (CIFRS). CIFRS is required for publicly traded entities, financial institutions and large entities.

Separate company financial statements: IFRS required.

IFRS endorsement

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

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 in addition to compliance with CIFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The ministerial proclamation that originally adopted IFRS 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 and the *IFRS for SMEs* as issued by the IASB, 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 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 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.

Mandatory adoption of IFRS was deferred for investment companies and segregated accounts of life insurance enterprises until 2014 and for entities with rate-regulated activities until 2015. Those deferrals have now ended.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The Canadian Accounting Standards Board (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 IASB's approval of a new or amended Standard, the AcSB reviews the final steps in the IASB's due process, including the review by the IFRS 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 Canadian Institute of Chartered Accountants (CICA) 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).

Cayman Islands



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

Listed companies and financial institutions: IFRS is permitted. The government of the Cayman Islands has not adopted IFRS. Nonetheless, all companies may use IFRS and the *IFRS for SMEs*. 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 permitted.

IFRS endorsement

Which standards do companies follow? Where IFRS is used, companies follow IFRS as issued by the IASB.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 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* or other recognised GAAP framework.

Chile



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 (SVS). Other corporations may voluntarily register with (and be regulated by) the SVS; over 200 have opted to do so. All companies registered with SVS must follow IFRS.

Financial institutions: Banks and other financial institutions are regulated by the Superintendent of Banks and Financial Institutions (SBIF). They must follow the accounting rules issued by the SBIF. The SBIF has adopted IFRS 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 required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 (CCCH) is the recognised accounting standard-setter under the law. Because the CCCH has adopted IFRS, IFRS becomes 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* is permitted. Alternatively, SMEs may choose full IFRS.

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 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. 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.

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: 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 Ministry of Finance. China used the *IFRS for SMEs* as an important reference when developing the *Chinese Accounting Standard for Small Entities*.

Colombia



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 is adopting IFRS and the *IFRS for SMEs* as indicated by the following timetable:

- Group 1—Full IFRS in 2015 (date of transition 1 January 2014).⁶ 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 and companies that derive at least 50 per cent or more of their revenue from exports or imports.
- Group 2—the *IFRS for SMEs* 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 micros in Colombia by the national standard-setter. Micros may also choose the *IFRS for SMEs*.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? In order to incorporate IFRS 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* for a large group of companies starting in 2016, with the date of transition being 1 January 2015. The *IFRS for SMEs* 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 and major exporters or importers (who must use full IFRS starting 2015).

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

⁶ Companies in Group 1 had an option to adopt IFRS 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 is authorised to adopt accounting standards in Costa Rica under the public accounting regulatory law. In this capacity, the Colegio has adopted IFRS as issued by the IASB as the accounting standards in Costa Rica.

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

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The resolutions of the Colegio adopting IFRS and the *IFRS for SMEs* 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* or full IFRS.

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 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 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 as adopted by the EU even if not publicly traded.

Separate company financial statements: IFRS as adopted by the EU.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU is 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 260 million HRK (approximately US\$45 million); total assets greater than 130 million HRK (approximately US\$23 million); and an average number of employees in excess of 250. Other SMEs must use Croatian Financial Reporting Standards.

Cyprus



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 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 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 as adopted by the EU even if not publicly traded.

Separate company financial statements: IFRS as adopted by the EU.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 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 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 as adopted by the EU.

Separate company financial statements: IFRS as adopted by the EU.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU is permitted in the consolidated financial statements of SMEs. IFRS as adopted by the EU is permitted in the separate company financial statements of SMEs that are subsidiaries of parents that use IFRS.

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 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 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 as adopted by the EU.

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

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

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU is 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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS and all listed companies follow IFRS.

Banks, insurance companies and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

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

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 GAAP 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 for all publicly accountable entities.

Financial institutions: The Superintendencia de Valores requires all banks to use IFRS.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: In the process of gradually implementing IFRS, some Standards were not mandatory prior to 2014. But starting in 2014 IFRS has been required in full without modification.

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

Accounting standards required for SMEs

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

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? New and amended 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* by all companies that are not registered under the Securities Act and that meet the following conditions:

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

Larger SMEs are required to use full IFRS.

Egypt



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

Listed companies and financial institutions: Egypt has not adopted IFRS. 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 was developed taking into consideration the Standards that existed in 2005.

Decree No. 243/2006 requires companies to look to IFRS 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: 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 is 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, but they require that the financial statements of their regulated entities state the main differences between 'regulatory GAAP' and IFRS.

Separate company financial statements: IFRS required (other than financial institutions).

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

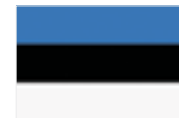
Modifications to IFRS: None.

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

Accounting standards required for SMEs

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

Estonia



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 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 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 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 as adopted by the EU.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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*, but with some differences:

- Estonian GAAP includes a policy choice for development costs (either the *IFRS for SMEs* treatment or full IFRS treatment);
 - Estonian GAAP includes a policy choice for government grants (either the *IFRS for SMEs* treatment or full IFRS treatment); and
 - Estonian GAAP includes certain disclosure differences.
- SMEs must choose between IFRS 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 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 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 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 IFRS or national GAAP. The European Commission periodically surveys the EU member states regarding its requirements for separate financial statements. The reports of those surveys can be found here:

http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation/index_en.htm.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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* 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.

Fiji



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

Listed companies and financial institutions: The Fiji Institute of Accountants (FIA) adopted IFRS 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 F\$5 million (approximately US\$2 million);
- entities with annual group turnover of at least F\$20 million (approximately US\$9 million) or with assets exceeding F\$20 million (approximately US\$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 F\$5 million (approximately US\$2 million); and
- entities with annual turnover of at least F\$5 million (approximately US\$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 required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 for large and publicly accountable entities (as previously noted). New and amended Standards issued by the IASB 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*.

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 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 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 as adopted by the EU even if not publicly traded.

Separate company financial statements: IFRS as adopted by the EU is:

- 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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.

France



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 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 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 as adopted by the EU.

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

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 permits optional application of IFRS as adopted by the EU for the consolidated accounts of companies that do not trade in a regulated market starting in 2005. Otherwise, SMEs use The French Plan Comptable Général. The *IFRS for SMEs* is not permitted.

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 issued by the IASB as the Standards applicable in Georgia. The law was amended subsequently to adopt the *IFRS for SMEs*. Listed companies are required to use full IFRS.

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

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The law requires the use of IFRS 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*, unless they are required to, or choose to, use full IFRS.

Germany



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 as adopted by the EU for the consolidated financial statements of European companies whose securities traded in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit IFRS 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 as adopted by the EU.

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

Separate company financial statements: Germany does not permit IFRS 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU.

Ghana



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 as Ghana National Accounting Standards, effective 1 January 2007. In 2010 the Institute adopted the *IFRS for SMEs*.

Financial institutions: IFRS is 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 required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

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

Accounting standards required for SMEs

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

Greece



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 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 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 as adopted by the EU is required for subsidiaries of listed entities and financial institutions that, in total, represent more than 5 per cent of the consolidated turnover or the consolidated assets or the consolidated results.

Banks and other financial institutions: Application of IFRS as adopted by the EU is 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 as adopted by the EU is 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS, and all listed companies follow IFRS.

Banks, insurance companies, and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

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

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 and the *IFRS for SMEs* 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. 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 or the *IFRS for SMEs* 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. Instead, the banking regulator (Superintendencia de Bancos) has developed national accounting manuals that contain some differences from IFRS.

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The CCPA adopted IFRS and the *IFRS for SMEs* 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*) may choose either full IFRS or the *IFRS for SMEs*.

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 (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. 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 starting in 2014.

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.

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: 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* 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 is required for all companies listed on the Guyana Stock Exchange. The IFRS 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 is required.

Separate company financial statements: IFRS is required.

IFRS endorsement

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

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

Modifications to IFRS: None.

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

Accounting standards required for SMEs

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

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 or the *IFRS for SMEs*.

Financial institutions: Banks and other financial institutions that are regulated by the Comisión Nacional de Bancos y Seguros (CNBS) are required to follow accounting standards issued by the CNBS. The CNBS is currently considering adoption of IFRS for banks and other financial institutions, effective 1 January 2015.

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

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

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

Hong Kong



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 is virtually identical to IFRS. A company that is domiciled in Hong Kong but that is incorporated outside Hong Kong is permitted to use either HKFRS or IFRS as issued by the IASB.

Separate company financial statements: HKFRS or IFRS as explained above.

IFRS endorsement

Which standards do companies follow? Listed companies use either HKFRS, which is identical to IFRS, or IFRS as issued by the IASB. Approximately 250 companies from China are listed on the Stock Exchange of Hong Kong. Approximately 85 per cent of these companies use IFRS as issued by the IASB or HKFRS (identical to IFRS); the others use either HKFRS or Chinese accounting standards.

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

Modifications to IFRS: None.

Endorsement process for new or amended Standards? New or amended 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 IASB Standards and proposals. For the Hong Kong companies incorporated outside Hong Kong that use IFRS as issued by the IASB, 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*) in Hong Kong may choose (a) HKFRS (which is identical to IFRS), (b) IFRS as issued by the IASB (if the SME is incorporated outside Hong Kong), (c) the *HKFRS for Private Entities*, which is nearly identical to the *IFRS for SMEs*, 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 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 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 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 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 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 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 as adopted by the EU. In addition, IFRS 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 as adopted by the EU.

Separate company financial statements: IFRS as adopted by the EU is 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. IFRS as adopted by the EU is permitted in the separate financial statements of other companies whose securities trade in a regulated market.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU is 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.



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

Listed companies and financial institutions: The Securities and Exchange Board of India (SEBI) requires all listed companies with subsidiaries to file consolidated financial statements with stock exchanges. The SEBI requires those financial statements to be prepared in conformity with the Accounting Standards developed by the Institute of Chartered Accountants of India (ICAI) and approved by the Central Government. However, the SEBI has given the option to listed entities to prepare and file consolidated financial statements in conformity with IFRS as issued by IASB. Approximately 11 companies (mainly ones with foreign listings) use the IFRS option. In 2013, India revised its Companies Act to require consolidated financial statements and to establish a two-tier system of accounting standards:

- Tier 1 is a new set of Indian Accounting Standards (Ind AS) that are generally converged with IFRS, but with some modifications, for listed and large companies. Ind AS await formal notification under the law.
- Tier 2 is the existing Accounting Standards, which are based on old IAS with some modifications, for smaller companies.

It is not yet known whether the IFRS option will continue under recent revisions to the Companies Act.

Separate company financial statements: The Companies Act requires all companies to prepare separate company financial statements in conformity with Accounting Standards approved by the Central Government.

IFRS endorsement

Which standards do companies follow? Nearly all companies use existing Accounting Standards notified under the Companies Act.

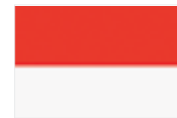
The auditor's report asserts compliance with: Existing Accounting Standards notified under that Companies Act, except for the few companies that use the IFRS option, in which case the audit report refers to IFRS.

Modifications to IFRS: Ind AS includes some significant modifications to IFRS. The modifications are identified in the India IFRS profile on the IFRS Foundation's website.

Endorsement process for new or amended Standards? The ICAI and the Central Government do not endorse IFRS in adopting Ind AS. Instead, Ind AS is based on IFRS with some significant modifications.

Accounting standards required for SMEs

Which standards do SMEs follow? The existing Accounting Standards notified under the Companies Act, with certain exemptions/relaxations for SMEs, will continue to be applicable to SMEs even after Ind AS comes into force. The ICAI has indicated that it may develop a new, separate set of standards for smaller companies.



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

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. As a result of the first phase of the IFRS convergence process, SAK as at 1 January 2012 is substantially in line with IFRS as at 1 January 2009, but there are a number of differences, and several IFRS and IFRIC Interpretations do not have SAK equivalents.

The DSAK IAI (the Indonesian Financial Accounting Standards Board) is currently progressing with the second phase of the IFRS convergence process. The objective of this phase is to further minimise the gap between SAK and IFRS from three years to one year. This would take SAK as at 1 January 2015 to be substantially in line with IFRS 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: Indonesian Financial Reporting Standards.

IFRS endorsement

Which standards do companies follow? Indonesian Financial Reporting Standards.

The auditor's report asserts compliance with: Indonesian Financial Reporting Standards.

Modifications to IFRS: Not applicable, because Indonesia has not adopted IFRS.

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

Accounting standards required for SMEs

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

Iraq



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

Listed companies: Full IFRS 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 or the *IFRS for SMEs*.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Iraqi Company Law (Number 21, year 1997, phase 133) requires all companies to apply IFRS. 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. Other SMEs (simple companies and individual projects) are permitted to use either full IFRS or the *IFRS for SMEs*.

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 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 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 (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 as adopted by the EU; and
- issuers on the Global Exchange Market (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 as adopted by the EU.

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

Separate company financial statements: IFRS as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 the administrative arrangement with the UK Financial Reporting Council, Irish SMEs can use United Kingdom Financial Reporting Standards or IFRS as adopted by the EU. The UK *Financial Reporting Standard for Smaller Entities* is not used in the Republic of Ireland, where there is no equivalent to the UK small companies regime in Irish company law.

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, 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, IFRS as adopted by the EU or US GAAP.

Financial institutions: See above.

Separate company financial statements: Separate financial statements in conformity with IFRS 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 as issued by the IASB.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 was adopted, and there is no need for a 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* as issued by the IASB) are permitted to use the *IFRS for SMEs*. SMEs that do not use the *IFRS for SMEs* are permitted to use either full IFRS 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).

Italy



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 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 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 as adopted by the EU in their consolidated financial statements and separate financial statements, even if they do not trade on a regulated exchange. Insurance companies must apply IFRS as adopted by the EU only in the consolidated financial statements or, if they have no subsidiaries, in their separate financial statements.

Separate company financial statements: IFRS as adopted by the EU is required in the separate financial statements of companies whose securities are traded in a regulated market other than insurance companies. However, if the insurance company is listed and has no subsidiaries, IFRS as adopted by the EU is required for individual financial statements. In addition, companies that are included in a set of consolidated financial statements prepared by an Italian company in accordance with IFRS as adopted by the EU are permitted to apply it in their separate financial statements.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 required. The Institute of Chartered Accountants of Jamaica (ICAJ) has adopted both IFRS and the *IFRS for SMEs* as Jamaican national standards.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

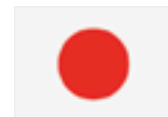
Modifications to IFRS: None.

Endorsement process for new or amended Standards? Because IFRS has 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* is permitted. Alternatively, SMEs may choose full IFRS.

Japan



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

Listed companies: Listed companies may use Japanese Accounting Standards, IFRS or US GAAP. Voluntary application of IFRS 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, as well as unlisted companies that are preparing consolidated financial statements for listing purposes. As of January 2015, 62 companies with over US\$650 billion of market capitalisation on the Tokyo Stock Exchange are using IFRS.

Financial institutions: IFRS permitted.

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? IFRS is 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.

Jordan



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 Jordanian Insurance Commission all require IFRS 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.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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.

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

Accounting standards required for SMEs

Which standards do SMEs follow? Full IFRS is 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 or they may use the *IFRS for SMEs* even though the *IFRS for SMEs* has not yet been formally adopted.

Kenya



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

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

Financial institutions: Requirements to use IFRS 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 (IRA), the Capital Markets Authority of Kenya (CMA) and the Retirement Benefits Authority.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Standards become effective on their respective effective dates as issued by the IASB. 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*. Alternatively, they may use full IFRS. The ICPAK has designated certain entities as being publicly accountable. Those entities cannot use the *IFRS for SMEs*. Instead, they must use full IFRS. 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.

Korea (South)



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. This includes companies that intend to have their stock listed during the year or the next year.

Financial institutions: IFRS is 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. However, application of IFRS to mutual savings banks has been deferred until annual periods beginning on or after 1 January 2016.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None. South Korea has added some presentation and disclosure requirements that do not affect the full compliance with IFRS 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 IASB Standards that are translated by the Korea Accounting Standards Board (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 (which is *Accounting Standards for Non-Public Entities*), unless they choose to use full IFRS.

Kosovo



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 as issued by IASB following approval by the Kosovo Council for Financial Reporting (KCFR).

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

Which standards do companies follow? IFRS as issued by the IASB 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 as issued by the IASB if it informs the KCFR it has done so.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 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 as issued by IASB following approval by the KCFR. A working group is considering whether to recommend adoption of the *IFRS for SMEs*.

Latvia



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 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 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 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: Latvia requires IFRS as adopted by the EU in the separate company financial statements of companies whose securities trade on a regulated market on the official list. Latvia permits IFRS as adopted by the EU in the separate company financial statements of companies whose securities trade on a regulated market on the secondary and free lists.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 and other corporate entities that are not required to use IFRS as adopted by the EU prepare their financial statements in accordance with the Latvian Law on Annual Reports. Until 2012, accounting standards were issued by the Latvian Accounting Standards Board, but in 2012 it ceased operations and its standards (which tended to be older versions of IAS/IFRS) were withdrawn.

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 prescribed financial reporting framework prescribed by the Lesotho Institute of Accountants' (LIA). The Council of the LIA voted for the adoption of IFRS in 2001 and for the adoption of the *IFRS for SMEs* 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 required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

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

Accounting standards required for SMEs

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

Liechtenstein



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 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 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 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 as adopted by the EU if they trade on a regulated market.

Separate company financial statements: IFRS as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU in both their consolidated and separate financial statements. Alternatively, SMEs may follow the accounting requirements of the 4th and 7th European Directives, which have been transposed into Liechtenstein law.

Lithuania



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 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 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 as adopted by the EU is 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 as adopted by the EU is required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU or Business Accounting Standards (the national accounting standards) prepared and approved by the Lithuanian Audit and Accounting Authority.

Luxembourg



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 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 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 as adopted by the EU if they trade on a regulated market.

Separate company financial statements: IFRS as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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).

Macao



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. 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 on a case-by-case basis. To date, Macao has adopted one IFRS and fifteen IASs 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: 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 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 and insurance activities; and
- all subsidiaries of the above.

Currently, IFRS issued after 1 January 2009 has not been translated into Macedonian or published in the *Official Gazette*. All other entities are obliged to use the *IFRS for SMEs* as published in the *Official Gazette*.

Financial institutions: IFRS is required for commercial entities performing banking and insurance activities.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 under the Trade Company Law, are required to use the *IFRS for SMEs*. Full IFRS is 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 and 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 or the *IFRS for SMEs*. Unlisted companies follow The National Accounting Plan 'PCG 2005-Consistent IAS/IFRS'. PGC 2005 was developed by the Conseil Supérieur de la Comptabilité (CSC, the Higher Council of Accounting) in 2005 and there are plans to update it. The CSC has stated that in developing the PGC 2005 it tried to 'base those standards on IFRS' as published in 2004. The PGC 2005 permits any entity to choose to apply full IFRS or the *IFRS for SMEs*. Thus, all companies have the choice of PGC 2005, full IFRS or the *IFRS for SMEs*.

Separate company financial statements: There is no requirement for groups to prepare consolidated financial statements. IFRS permitted.

IFRS endorsement

Which standards do companies follow? PGC 2005.

The auditor's report asserts compliance with: PGC 2005.

Modifications to IFRS: Not applicable.

Endorsement process for new or amended Standards? Not applicable.

Accounting standards required for SMEs

Which standards do SMEs follow? SMEs use the PGC 2005, which permits any entity to choose to apply full IFRS or the *IFRS for SMEs*. Thus, SMEs have the choice of PGC 2005, full IFRS or the *IFRS for SMEs*.

Very small-sized entities—those with an annual turnover less than MGA 20 million (around £7,200)—keep their accounting records according to the minimum system of cash (Système Minimal de Trésorerie (SMT)), a system similar to a cash basis of accounting, and the financial statements are simplified.

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 Framework (MFRS Framework), which is identical to IFRS, for annual periods beginning on or after 1 January 2012, with the exception of certain agricultural and real estate companies referred to as Transitioning Entities (TEs). TEs have an option to:

- comply with the MFRS Framework in its entirety; or
- continue to use the older Malaysian national GAAP (known as the FRS Framework) in its entirety until 1 January 2017, at which time they must adopt the MFRS Framework

TEs had been exempted from applying the MFRS Framework in full pending the IASB's completion of its projects on revenue recognition and bearer biological assets. The IASB completed those projects in 2013, and the new revenue Standard and revised agriculture Standard have been adopted as part of the MFRS Framework.

Financial institutions: MFRS (identical to IFRS) required.

Separate company financial statements: MFRS (identical to IFRS) required.

IFRS endorsement

Which standards do companies follow? The MFRS Framework (identical to IFRS as issued by the IASB).

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.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The Financial Reporting Act (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, Securities Commission or 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, which is equivalent to a new or amended IFRS, 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 national standards for private entities or MFRS in its entirety.

Maldives



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

Listed companies: IFRS is required. IFRS is incorporated into the Companies' Act, the Banking Act, the Business Profit Tax Act and in regulations issued by the Maldives Inland Revenue Authority (MIRA) and the Capital Market Development Authority (CMDA). In practice, reference to IFRS in laws and regulations has been interpreted to include the *IFRS for SMEs*.

Financial institutions: IFRS required by the Banking Act.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? New and amended Standards are automatically required by the various laws and regulations adopting IFRS and the *IFRS for SMEs*.

Accounting standards required for SMEs

Which standards do SMEs follow? All companies not required by regulation to use full IFRS may elect to use full IFRS or the *IFRS for SMEs*.



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 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 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: Malta requires IFRS as adopted by the EU in both the consolidated and separate company accounts of all banks, insurance companies, some other supervised financial institutions and larger companies deemed significant in the local economy.

Separate company financial statements: IFRS as adopted by the EU is required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 companies whose securities do not trade in a public market and that meet the definition of SMEs in the *IFRS for SMEs* are required to use full IFRS as adopted by the EU. Those are companies that meet any one of the following criteria:

- total assets more than €17.5 million;
- total revenue more than €35 million;
- average number of employees more than 250; and
- a shareholder owning 20 per cent or more of the outstanding shares requests use of full IFRS as adopted by the EU.

All other SMEs may use full IFRS as adopted by the EU or they may use the *General Accounting Principles for Smaller Entities (GAPSE)*, which was adopted by the Malta Institute of Accountants in February 2009.



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 50 million rupees (approximately US\$1.5 million) to use IFRS. However, if the company is not a public interest entity (PIE), it is allowed to use the *IFRS for SMEs*. 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 more than 200 million rupees (approximately US\$6 million), total assets more than 500 million rupees (approximately US\$15 million) and number of employees more than 50.

Financial institutions: IFRS is required for some (see above).

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The law requires the use of IFRS 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. Those that are not PIEs may choose either full IFRS or the *IFRS for SMEs*. There is no prescribed accounting framework for those SMEs with annual revenue less than 50 million rupees.

Mexico



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

Listed companies: IFRS was adopted by the Comisión Nacional Bancaria y de Valores (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 because they do not have subsidiaries.

Financial institutions: Companies within the financial and insurance sectors use Mexican Financial Reporting Standards (MFRS) plus certain requirements established by the CNBV and the National Insurance and Bonding Commission (CNSF).

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? No endorsement process has been established beyond the initial CNBV regulation requiring IFRS. Mexican companies that use IFRS apply the official English version of the Standards as approved by the IASB.

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 or US GAAP. Traditionally, MFRS has been used by most SMEs.

Moldova



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

Listed companies and financial institutions: IFRS is 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 is required in the separate financial statements of public interest entities (see above).

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 by the Minister of Finance involves approval of specific standards as adopted in Moldova. Normally, IFRS updates received from the IFRS 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. 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. However, in practice, it has been only since late 2000 that listed companies began using IFRS in full.

Most reports of audits done by international auditing firms state that public companies are preparing their financial statement in conformity with IFRS. Most SMEs prepare the financial statements under the Mongolian Accounting Regulation that was approved by the Minister of Finance instead of IFRS. The *IFRS for SMEs* has not been adopted in Mongolia.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS. Dual reporting of conformity with both IFRS and the Accounting Regulation is common.

Modifications to IFRS: 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 IAS. Individual endorsement is not needed.

Accounting standards required for SMEs

Which standards do SMEs follow? SMEs use either IFRS or the Accounting Regulation adopted by the Ministry of Finance. The Ministry of Finance is considering the adoption of the *IFRS for SMEs*.

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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS, and all listed companies follow IFRS.

Banks, insurance companies and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

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

Myanmar



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

Listed companies and financial institutions: There is no stock exchange in Myanmar. An over-the-counter market has developed for the shares of some companies. Those companies are regarded as publicly accountable and are required to use Myanmar Financial Reporting Standards (MFRS) adopted by the Myanmar Accountancy Council, which is identical to the 2010 version of IFRS.

Financial institutions: MFRS (2010 versions of IFRS) required.

Separate company financial statements: MFRS (2010 versions of IFRS) required.

IFRS endorsement

Which standards do companies follow? The 2010 version of IFRS as issued by the IASB, adopted as MFRS.

The auditor's report asserts compliance with: MFRS.

Modifications to IFRS: None. However, IFRS was adopted as of 2010 and has 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 by the IASB. 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) are permitted. Alternatively, SMEs may use the *MFRS for SMEs*, which is identical to the *IFRS for SMEs*.

Nepal



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

Listed companies: IFRS adopted as Nepal Financial Reporting Standards (NFRS) is required. NFRS is 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 will be completed in 2016.

Financial institutions: IFRS adopted as NFRS is required.

Separate company financial statements: IFRS adopted as NFRS is required.

IFRS endorsement

Which standards do companies follow? NFRS, which is identical to IFRS as issued by the IASB.

The auditor's report asserts compliance with: NFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The Preface to NFRS states: 'When IASB revises amends or withdraws International Accounting Standards, IFRS, IFRIC, or SIC, 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 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 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 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 as adopted by the EU if they trade on a regulated market.

Separate company financial statements: IFRS as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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, NZ-IFRS, for all for-profit entities that have public accountability and for all large for-profit public sector entities. NZ-IFRS is identical to IFRS as issued by the IASB 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).

If other for-profit entities are required by law to prepare GAAP financial reports, GAAP in this instance is IFRS with reduced disclosure concessions under New Zealand's reduced disclosure regime (NZ-IFRS-RDR).

Financial institutions: Entities with public accountability and 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 is IFRS as issued by the IASB with three additional New Zealand-specific standards.

The auditor's report asserts compliance with: IFRS and NZ-IFRS.

Modifications to IFRS: None. It should be noted that New Zealand has adopted a second tier of standards (NZ-IFRS-RDR) available for adoption by entities that do not have public accountability and for-profit public sector entities that are not large. 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 NZ-IFRS-RDR and not with IFRS.

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 (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 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 (CCPN) has adopted both IFRS and the *IFRS for SMEs* as professional requirements in Nicaragua.

The Superintendencia de Bancos y Otras Instituciones Financieras (SIBOIF) (Superintendency of Banks and Other Financial Institutions) requires all listed companies to use full IFRS or US GAAP in financial statements for investors. The tax authority permits both full IFRS and the *IFRS for SMEs* as a valid basis of accounting for tax purposes, with a reconciliation to Nicaraguan tax law when the tax law differs from IFRS or the *IFRS for SMEs*.

Financial institutions: The SIBOIF has developed accounting manuals for banks, insurance companies and bonded warehouses. These are prudential accounting standards based partly on IFRS, but there are some important differences from IFRS. The SIBOIF also requires all applicants for loans from financial institutions to prepare financial statements using either full IFRS or the *IFRS for SMEs*.

Separate company financial statements: IFRS or US GAAP required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? When law or regulation requires or permits IFRS or the *IFRS for SMEs*, 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* may use full IFRS. 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 (UEMOA). UEMOA members have adopted the *Système comptable ouest africain* (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 (OHADA). OHADA has also adopted SYSCOA. SYSCOA has significant differences from IFRS. 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 toward IFRS starting in 2014.

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.

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: 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 SYSCOA. The *IFRS for SMEs* is under consideration as part of CCOA's project to reform SYSCOA.

Nigeria



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

Listed companies: IFRS is 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 (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 required for all banks, insurance companies, and other entities that hold assets in fiduciary capacity for a broad group of outsiders as one of their primary businesses.

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The law requires use of IFRS without 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*. 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 fiduciary capacity for a broad group of outsiders as one of their primary businesses;
- that have annual turnover of not more than N500 million (approximately US\$3 million) or such amount as may be fixed by the Corporate Affairs Commission;
- that have total assets value of not more than N200 million (approximately US\$1 million) or such amount as may be fixed by the Corporate Affairs Commission;
- 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* or the *Small and Medium-sized Entities Guidelines on Accounting (SMEGA) Level 3* issued by the United Nations Conference on Trade and Development (UNCTAD).

Micro-sized entities are entities that are not public interest entities or SMEs.

Norway



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 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 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 as adopted by the EU if they trade on a regulated market.

Separate company financial statements: Norway requires IFRS as adopted by the EU in the separate company financial statements of companies whose securities trade in a regulated market but that do not prepare consolidated financial statements because they have no subsidiaries. Also, Norway permits IFRS as adopted by the EU in the separate company financial statements of other companies whose securities trade in a regulated market.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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? Norway permits IFRS 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. It has been indicated that a Governmental Task Force will be established by the Norwegian Government to consider the adoption of the *IFRS for SMEs* in addition to other issues related to the accounting regulation in Norway.

Oman



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. The Code of Corporate governance also requires companies to prepare financial statements in accordance with IFRS.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? IFRS is 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. Public discussions are going on regarding the *IFRS for SMEs* in Oman. The Central Bank of Oman requires all companies that have a bank facility of more than RO250,000 (approximately US\$650,000) from one bank or RO500,000 (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, auditors and management of SMEs are under tremendous pressure to meet the filing requirement. Adoption of the *IFRS for SMEs* will reduce the time spent in that process. Accounting firms have begun *IFRS for SMEs* training programmes in conjunction with the Chamber of Commerce, Ministry of Finance, 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 companies whose securities trade in a public market are required to use IFRS as adopted in Pakistan. Some important Standards have not been adopted for companies asserting compliance with IFRS as adopted in Pakistan. And Pakistan has not applied IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Financial institutions: IFRS required.

Separate company financial statements: IFRS permitted.

IFRS endorsement

Which standards do companies follow? IFRS as adopted in Pakistan.

The auditor's report asserts compliance with: IFRS as adopted in Pakistan.

Modifications to IFRS: 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 (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 is adopted by the Securities and Exchange Commission of Pakistan (SECP) following consideration and recommendation by the Institute of Chartered Accountants of Pakistan (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 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 or US GAAP.

Financial institutions: Banks registered with the Superintendence of the Stock Market must use either full IFRS or US GAAP. Bank holding companies must report their consolidated financial statements under full IFRS starting in 2014.

Separate company financial statements: IFRS or US GAAP required except for the individual financial statements of banks, which refer to IFRS as modified by banking prudential rules.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 Superintendence of Banks of Panama and not according to IFRS. However, for banks holding companies, starting in 2014, provisions must be established according to IFRS. Consequently starting in 2014 companies with bank subsidiaries will have to prepare consolidated financial statements with their provisions and reserves reconverted to IFRS. The bank subsidiary will continue to prepare its separate company financial statements according to IFRS as modified by banking prudential rules for regulatory purposes.

Endorsement process for new or amended Standards? The securities and banking laws require IFRS without the need to endorse individual new or revised Standards.

Accounting standards required for SMEs

Which standards do SMEs follow? The *IFRS for SMEs* is permitted. Alternatively, SMEs may choose full IFRS 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 is permitted, but very few companies use it. Most use national accounting standards developed by the Ministerio de Hacienda. The Comisión Nacional de Valores (national securities commission) has adoption of IFRS 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 as part of its strategic plan.

Separate company financial statements: IFRS permitted, but very few companies use it.

IFRS endorsement

Which standards do companies follow? The few companies that use IFRS follow IFRS as issued by the IASB.

The auditor's report asserts compliance with: The auditor's report refers to 'accounting standards accepted in Paraguay'.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? A small number of large companies in Paraguay have voluntarily adopted IFRS. They use IFRS as issued by the IASB. This means they must use new and amended Standards when issued and effective without local endorsement.

Accounting standards required for SMEs

Which standards do SMEs follow? The *IFRS for SMEs* is not prohibited, but very few companies use it. Nearly all SMEs use Paraguayan national accounting standards.

Peru



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

Listed companies: IFRS as issued by the IASB is 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 endorsed by the Accounting Standards Council (CNC), and they are being implemented gradually. To date, the CNC has endorsed IFRS as issued by the IASB up to 2013.

Financial institutions: See above.

Separate company financial statements: IFRS is required (IFRS 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 as issued by the IASB. Banks, insurance companies, and pension funds, as well as unlisted companies that use IFRS, follow IFRS as endorsed by the CNC.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? By Resolution 053-2013-EF/30 (11 September 2013), the CNC endorsed all IFRS as issued by the IASB through 2013 without modification. It must be recognised that when applying IFRS, companies apply some national legal and fiscal requirements that might not be entirely consistent with IFRS, 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 more than approximately US\$4 million must use full IFRS as endorsed by the CNC. SMEs with total assets and/or net revenues less than approximately US\$4 million may choose full IFRS as endorsed by the CNC or the *IFRS for SMEs*.

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 is adopted by the Philippine Financial Reporting Standards Council (FRSC). PFRS is IFRS with several limited modifications (see below).

Financial institutions: PFRS is required.

Separate company financial statements: Companies that use IFRS adopted as PFRS are required to use those standards in their separate financial statements.

IFRS endorsement

Which standards do companies follow? PFRS, which are IFRS with several limited modifications.

The auditor's report asserts compliance with: PFRS.

Modifications to IFRS: The limited modifications made to IFRS 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.

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 the 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 (which is identical to the *IFRS for SMEs*). 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.

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 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 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 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 as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 guidance in the form of national accounting standards adopted by the Polish Accounting Standards Committee (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 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 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 as adopted by the EU in the financial statements of the subsidiaries of companies required to use IFRS as adopted by the EU.

Banks and other financial institutions: IFRS as adopted by the EU is 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 as adopted by the EU is required in the financial statements of a company whose securities trade in a regulated market but that does not prepare consolidated financial statements because it does not have subsidiaries. IFRS as adopted by the EU is permitted in the separate financial statements of all other companies whose securities trade in a regulated market. If such a company chooses to prepare its separate financial statements using Portuguese National Accounting Standards instead of IFRS as adopted by the EU, it is required to provide additional disclosures about the effect of applying IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 financial statements, SMEs are permitted to use either IFRS as adopted by the EU or Portuguese National Accounting Standards. In their separate financial statements, subsidiaries of IFRS companies may also use IFRS as adopted by the EU; all others must use Portuguese National Accounting Standards.

Romania



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 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 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 IFRS 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: IFRS as adopted by the EU is required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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*. The more comprehensive set of standards applies to SMEs that meet at least two of the following three sizes tests:

- total assets more than €3.65 million;
- net turnover more than €7.3 million; and
- number of employees more than 50.

The simpler set of standards applies to smaller companies. 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 was endorsed for use in Russia at the end of 2011 and became mandatory in consolidated financial statements from 2012, in accordance with the Federal Law 208-FZ On Consolidated Financial Statements. IFRS is required for the consolidated financial statements of all companies whose securities are publicly traded, as well as for credit institutions and insurance companies, with two exceptions: application of IFRS is deferred until 2015 for companies that currently report using US GAAP and for companies that have only debt securities trading in public capital markets.

Financial institutions: IFRS 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 as issued by the IASB.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 (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 co-operation 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 *IFRSs for SMEs* in the Russian Federation suggest that cost of transition to the *IFRSs for SMEs* is considered much greater than the benefits gained by the entities and users.

Rwanda



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

Listed companies: IFRS required.

Financial institutions: Banks and other financial institutions must use full IFRS.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

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

Accounting standards required for SMEs

Which standards do SMEs follow? The *IFRS for SMEs* is permitted. Alternatively, SMEs may choose full IFRS. The Institute of Certified Public Accountants of Rwanda acknowledges that, in practice, some SMEs that use the *IFRS for SMEs* do use the revaluation model in IAS 16 *Property, Plant and Equipment* even though that model is not an option in the *IFRS for SMEs*.

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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS, and all listed companies follow IFRS.

Banks, insurance companies and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

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

Saudi Arabia



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

Listed companies: With the exception of banks and insurance companies, all listed and unlisted companies in Saudi Arabia follow accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The SOCPA has approved an IFRS convergence plan by which listed entities other than banks and insurance companies would be required, starting in 2017, to report under SOCPA standards that will be IFRS, possibly with some modifications. IFRS as issued by the IASB would be modified in three possible ways:

- adding more disclosure requirements;
- removing optional treatments; and
- amending the requirements that contradict Shariah or local law, taking in consideration level of technical and professional preparedness in the Kingdom of Saudi Arabia.

Financial institutions: The Saudi Arabian Monetary Authority (SAMA, which is the Saudi Arabian central bank) requires banks and insurance companies in Saudi Arabia to report under IFRS.

Separate company financial statements: IFRS permitted. The separate company financial statements of publicly traded companies, if prepared, often use IFRS but they are not available to the public.

IFRS endorsement

Which standards do companies follow? Banks and insurance companies follow IFRS as issued by the IASB.

The auditor's report asserts compliance with: In the case of banks, the audit report refers to conformity with IFRS and Accounting Standards for Financial Institutions issued by the SAMA, the provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-Laws. In the case of insurance companies, the audit report refers to conformity with IFRS and Regulations for Companies and the entity's Articles of Association.

Modifications to IFRS: None.

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

Accounting standards required for SMEs

Which standards do SMEs follow? Currently, SMEs use accounting standards issued by the SOCPA. Under the SOCPA in IFRS convergence plan, non-publicly accountable entities would be required to report under a version of the *IFRS for SMEs* that has some modifications.

Serbia



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

Listed companies and financial institutions: IFRS is 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 required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The law requires use of IFRS without 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*, but a new 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 instead. Once an entity has opted for full IFRS, the accounting policy can be amended only in very limited cases. The *IFRS for SMEs* is optional for micro-sized entities; alternatively, micros may use the national rulebook for accounting and financial reporting (currently being redrafted in line with IASB guidance for application of the *IFRS for SMEs* by micro entities).

Sierra Leone



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

Listed companies: IFRS is required for listed companies.

Financial institutions: IFRS is required for banks and insurance companies.

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Sierra Leone's adoption of IFRS 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* if they are not required to use full IFRS or the (national) public benefit entity standard (*Composite Financial Reporting Standard for Public and Private Not For Profit Entities*, CS1).

Singapore



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

Listed companies and financial institutions: Except in two circumstances in which IFRS is permitted, listed companies use Singapore Financial Reporting Standards (SFRS). SFRS is mainly word-for-word IFRS but there are some modifications (see below). The two circumstances in which IFRS is permitted are:

- a Singapore incorporated company (listed or unlisted) may use IFRS as issued by the IASB in its consolidated financial statements with approval of the Accounting and Corporate Regulatory Authority of Singapore (ACRA); and
- a Singapore incorporated company that is listed on securities exchanges in Singapore and outside Singapore also may use IFRS as issued by the IASB in its consolidated financial statements if IFRS is required by the foreign securities exchange.

Singapore has announced a plan that Singapore-incorporated companies listed on SGX will apply a new financial reporting framework identical to IFRS starting in 2018.

Separate company financial statements: SFRS is required.

IFRS endorsement

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

The auditor's report asserts compliance with: SFRS (IFRS if IFRS is used).

Modifications to IFRS: SFRS is aligned with currently effective IFRS except as follows:

- IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments* has not yet been adopted;
- some changes have been made to the exemptions from presenting consolidated financial statements and applying the equity method to investments in associates and joint ventures as compared to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*;
- additional guidance has been issued in the form of an Accompanying Note to the SFRS equivalent of IFRIC 15 *Agreements for the Construction of Real Estate* to guide the accounting for a specific type of agreement in Singapore; and
- several modifications have been made to the transition provisions and effective dates of IFRS. The majority of those modifications date back to before 2005.

Endorsement process for new or amended Standards? Not applicable.

Accounting standards required for SMEs

Which standards do SMEs follow? Singapore has adopted the *IFRS for SMEs* as the SFRS for SMEs. SMEs that do not use the SFRS for SMEs may use full SFRS or, with permission of the ACR A, full IFRS.

Slovakia



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 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 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 IFRS 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 and branches of foreign insurance companies except health insurance companies;
- the stock exchange;
- office of Slovak Assurors;
- the Slovak Railroads;
- asset management companies; and
- large companies (those that meet at least two of the following criteria in two consecutive years: total assets more than €165,969,594; net turnover more than €165,969,594; and average number of employees more than 2,000).

Separate company financial statements: IFRS as adopted by the EU is required for PIEs (see above) and permitted for other companies whose securities are traded in a regulated market that are not PIEs.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 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 IFRS 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 as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 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 as adopted by the EU, it must continue to use IFRS as adopted by the EU for at least five years. SMEs that do not choose IFRS 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 is required by the Companies Act Regulations and Johannesburg Stock Exchange Listing Requirements.

Financial institutions: The Companies Act Regulations prescribe either IFRS or the *IFRS for SMEs* 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 even if only required to use the *IFRS for SMEs*. In addition, those SMEs that have a public interest score 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: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 choose to prepare general purpose financial statements are permitted to use the *IFRS for SMEs*. Alternatively they may use full IFRS. However, those SMEs that have a public interest score 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 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 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 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 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 as adopted by the EU are permitted in the consolidated financial statements of all SMEs. Alternatively, they may use Spanish National Accounting Standards.

Sri Lanka



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 is nearly identical to IFRS. Differences from IFRS are noted below.

Financial institutions: IFRS required.

Separate company financial statements: SLFRS required.

IFRS endorsement

Which standards do companies follow? SLFRS, which are nearly identical to IFRS.

The auditor's report asserts compliance with: SLFRS.

Modifications to IFRS: SLFRS reflect the following modifications to IFRS:

- 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.

Endorsement process for new or amended Standards? When the IASB issues a final Standard or Interpretation, the Institute of Chartered Accountants of Sri Lanka (CA 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* 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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS, and all listed companies follow IFRS.

Banks, insurance companies, and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

Which standards do SMEs follow? St Kitts and Nevis has adopted the *IFRS for SMEs*. All companies that do not use full IFRS are required to use the *IFRS for SMEs*.

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 (ECSRC). The ECSRC is the regulatory body for the Eastern Caribbean Securities Market (ECSM, which is the regional securities market for Anguilla, Antigua and Barbuda, 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 is not specifically named in the legislation, it is generally accepted to be IFRS, and all listed companies follow IFRS.

Banks, insurance companies, and other financial institutions: Required to use IFRS.

Separate company financial statements: These follow IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB for companies that use IFRS.

Accounting standards required for SMEs

Which standards do SMEs follow? St Vincent and the Grenadines has adopted the *IFRS for SMEs*. All companies that do not use full IFRS are required to use the *IFRS for SMEs*.

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 or any other specific accounting framework.

Financial institutions: IFRS permitted.

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? There is no endorsement process, because IFRS is neither required nor explicitly permitted nor prohibited.

Accounting standards required for SMEs

Which standards do SMEs follow? The laws of Suriname neither require nor prohibit IFRS or the *IFRS for SMEs* 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 requires application of IFRS. However, the jurisdiction acknowledges that IFRS is sometimes not followed, and there are no sanctions for companies not applying IFRS.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The Companies Act refers to IFRS. 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*, which was adopted by the Swaziland Institute of Accountants effective in 2010. Alternatively, SMEs may use full IFRS or national standards (if and when developed).

Sweden



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 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 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 as adopted by the EU is 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 as adopted by the EU.

The auditor's report asserts compliance with: IFRS adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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:

- **K4 - companies using IFRS as adopted by the EU.** Some additional accounting and disclosure requirements are imposed.
- **K3 - large companies whose securities are not traded in a regulated market.** These companies must follow a standard (Bokföringsnämndens Allmänna Råd (BFNAR) 2012-1) developed by the Bokföringsnämndens (BFN) based on the *IFRS for SMEs* but with many amendments and exceptions.
- **K2 - small companies whose securities are not traded in a regulated market.** The BFN has issued special accounting standards for K2 companies.
- **K1 - companies with revenue below SEK3 million (approximately €350,000).** These companies must present simplified annual financial statements.

Switzerland



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

Listed companies and financial institutions: IFRS permitted. Swiss GAAP FER, US GAAP and statutory bank standards may also be used. The following table shows the financial reporting framework used by the 238 companies whose primary securities listings is on the SIX Swiss Exchange in January 2015, by segment of the Exchange:

	Main standard (Note 1)	Domestic standard (Note 2)	Investment companies	Real estate companies	Total
IFRS	118	7	16	8	149
Swiss GAAP FER	2	51	0	5	58
US GAAP	10	0	0	0	10
Bank law	0	21	0	0	21
Total	130	79	16	13	238

Note 1: the main standard is the segment of the Exchange intended for companies seeking capital from 'international investors'.

Note 2: the domestic standard is the segment of the Exchange intended for companies seeking capital only from 'Swiss domestic investors'.

Financial institutions: IFRS 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 as issued by the IASB.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? According to the Regulation of Recognised Accounting Standards, listed companies are permitted to use IFRS as issued by the IASB. Standards and amendments are automatically adopted as and when issued by the IASB.

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, full IFRS, US GAAP, Swiss GAAP FER or any other GAAP.

Taiwan



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

Listed companies: Domestic listed companies have a choice of using (a) IFRS as endorsed by the Financial Supervisory Commission (FSC) or (b) with approval of the FSC, IFRS as issued by the IASB.

Financial institutions: IFRS is required for all financial institutions except it is permitted, but not required, for credit co-operatives, credit card companies and insurance intermediaries.

Separate company financial statements: IFRS is required for separate financial statements.

IFRS endorsement

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

The auditor's report asserts compliance with: For those entities that use IFRS as endorsed by the FSC, the auditor's report refers to IFRS as endorsed by the FSC. For those entities that use IFRS as issued by the IASB, the auditor's report refers to IFRS.

Modifications to IFRS: Some options have been eliminated and the mandatory effective dates of some Standards have been deferred beyond the effective dates adopted by the IASB. The eliminated options are revaluation of property, plant and equipment, intangible assets, and exploration and evaluation assets of companies in the extractive industries. Further, 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 IASB including Interpretations are translated into traditional Chinese by the Accounting Research and Development Foundation (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 use national accounting standards developed by the ARDF. Non-public companies in Taiwan are subject to the administration of Ministry of Economic Affairs, which is currently considering the direction of accounting standards for those companies. Adoption of the IFRS for SMEs is one of the options under consideration.

Tanzania



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

Listed companies and financial institutions: IFRS required. In 2004, the National Board of Accountants and Auditors of Tanzania adopted IFRS as issued by the IASB in full via a technical pronouncement. Future Standards, amendments, and Interpretations issued by the IASB are also covered by that pronouncement.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? IFRS have the force of law because the use of IFRS is incorporated into regulations of various governmental regulatory bodies, including the Bank of Tanzania (BoT), Tanzania Insurance Regulatory Authority (TIRA), Dar es Salaam Stock Exchange (DSE), Capital Market and Securities Authority (CMSA) and the technical pronouncement of the National Board of Accountants and Auditors of Tanzania on the adoption of IFRS.

Accounting standards required for SMEs

Which standards do SMEs follow? SMEs with total assets not more than Tanzania Shillings 800 million (approximately US\$500,000) are permitted to use the *IFRS for SMEs*. Alternatively, they may use full IFRS.

Thailand



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

Listed companies: Listed companies follow Thai Accounting Standards (TAS) issued by the Thai Federation of Accounting Profession (FAP). TAS is published in the Thai language and is converged with the 2009 version of IFRS, with the exception of the industry specific Standards IFRS 4 *Insurance Contracts* and IAS 41 *Agriculture*, and the financial instruments Standards IAS 32 *Financial Instruments: Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments*. The FAP has announced a plan to converge TAS with current IFRS.

Financial institutions: TAS required.

Separate company financial statements: TAS required.

IFRS endorsement

Which standards do companies follow? TAS.

The auditor's report asserts compliance with: TAS.

Modifications to IFRS: 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'. A study is in progress for the adoption of the *IFRS for SMEs*. The proposed plan will be a two-tiered approach, namely:

- large entities would apply the *IFRS for SMEs*; and
- medium-sized and small entities would apply *Thai Accounting Standard for NPAEs*.

Trinidad and Tobago



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

Listed companies: IFRS required.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The Institute of Chartered Accountants of Trinidad and Tobago (ICATT) has statutory authority to set accounting standards in Trinidad and Tobago. By adopting IFRS and the *IFRS for SMEs*, the Council of ICATT has made IFRS a requirement in Trinidad and Tobago. New and amended Standards are automatically covered by ICATT's adoption of IFRS and the *IFRS for SMEs*.

Accounting standards required for SMEs

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

Turkey



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

Listed companies: Turkey requires IFRS for the consolidated financial statements of all companies whose securities are publicly traded. Turkey is a candidate country to join the EU. Consequently, in September 2008 the Turkish Capital Markets Board issued Communiqué Serial: XI, No: 29, of which Article 5th requires listed companies to use IFRS as adopted by the EU. However, clause 2 of that Communiqué postpones adoption of IFRS as adopted by the EU until the Turkish Accounting Standards Board (TASB) declares the differences between IFRS as adopted by the EU and IFRS as issued by the IASB, leaving in place the requirement to use IFRS as issued by the IASB. In November 2011, the TASB was disbanded, and its responsibilities were transferred to the Public Oversight Accounting and Auditing Standards Authority (KGK).

Financial institutions: IFRS required for all financial intermediaries and portfolio management companies.

Separate company financial statements: Turkish GAAP (the Uniform Chart of Accounts) is used, not IFRS.

IFRS endorsement

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

The auditor's report asserts compliance with: Either IFRS or accounting standards promulgated by the Capital Markets Board, in which case a footnote indicates that these are identical to IFRS as issued by the IASB.

Modifications to IFRS: None. However, because IFRS as adopted by the EU is permitted, there could be differences from IFRS.

Endorsement process for new or amended Standards? Endorsement of individual Standards is not required because IFRS is required by regulation.

Accounting standards required for SMEs

Which standards do SMEs follow? In addition to listed companies, all limited liability companies that meet any two of the following three criteria for two consecutive years are within the scope of mandatory statutory audit, which triggers IFRS application:

- total assets: TL75 million (approximately US\$35 million) or more;
- revenue: TL150 million (approximately US\$70 million) or more; and
- average number of employees: 250 or more.

All other SMEs use either the *IFRS for SMEs* or Turkish GAAP.

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 (ICPAU) has designated certain entities as being publicly accountable and requires them to use full IFRS. 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.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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 IASB. 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*. SMEs that do not use the *IFRS for SMEs* use full IFRS.

Ukraine



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

Listed companies: IFRS is 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 whether or not their securities trade in a public market.

Separate company financial statements: IFRS 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 as issued by the IASB.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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*) to use the *IFRS for SMEs*. Alternatively, they may use full IFRS 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:

- the National Association of Securities Dealer Automated Quotation system of Dubai (NASDAQ Dubai) requires listed companies to prepare IFRS financial statements.
- the listing rules of Dubai Financial Market PJSC do not require a specific accounting framework to be used in the financial statements of listed companies. IFRS is permitted and used by most listed companies. Some financial institutions use Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).
- the listing rules of the Dubai Financial Services Authority (DFSA) require listed companies to prepare financial statements in accordance with IFRS or other standards acceptable to the DFSA. The DFSA had permitted financial institutions to use the AAOIFI standards. However, in December 2012, the DFSA prohibited Islamic financial institutions from using AAOIFI. Companies that had applied AAOIFI standards had a two year period to comply with IFRS.
- listed companies in Abu Dhabi use IFRS.

Financial institutions: IFRS required.

Separate company financial statements: There is no requirement to prepare separate company financial statements.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS 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: 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 by the IASB, 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* is permitted. Alternatively, SMEs may choose full IFRS.

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 is subject to the EU's IAS Regulation adopted in 2002. That Regulation requires application of IFRS 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 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. Issuers on the AIM (a UK market for trading securities that is not a "regulated market") that are incorporated in the UK or elsewhere in the EEA and that are parent companies have been required by the AIM Rules to apply IFRS as adopted by the EU since financial years commencing on or after 1 January 2007.

Banks and other financial institutions: All must follow IFRS as adopted by the EU if they trade on a regulated market or the AIM.

Separate company financial statements: IFRS as adopted by the EU is permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS as adopted by the EU.

Modifications to IFRS: In adopting IFRS, 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). During the process EFRAG holds a number of consultations with interest groups. 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 companies that are not required to follow IFRS 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. This means that if they do not choose IFRS adopted by the EU, SMEs must use Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* or, if they eligible on the basis of size, they may use the *Financial Reporting Standard for Smaller Entities*.

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 (FASB). Foreign companies whose securities trade in public markets are permitted to use US GAAP, IFRS as issued by the IASB or their national GAAP. If they use IFRS, a reconciliation to US GAAP amounts is not required. If they use a national GAAP, a reconciliation to US GAAP amounts is required. Nearly 500 foreign issuers in the United States use IFRS.

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 as issued by the IASB.

The auditor's report asserts compliance with: For foreign issuers using IFRS, the auditor's report asserts compliance with IFRS.

Modifications to IFRS: 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 *IFRS for SMEs* 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 is full IFRS as translated into Spanish.

Financial institutions: Banks and other financial institutions started using IFRS in their 2014 financial statements.

Separate company financial statements: National accounting standards are required. IFRS not permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: For companies whose securities are publicly traded and for financial institutions, there are no modifications to IFRS. For other companies that use IFRS, a national decree adopted IFRS as issued through July 2007, with some modifications. Those modifications relate to:

- financial statement formats that differ from IAS 1 *Presentation of Financial Statements*;
- a requirement for general price-level adjusted financial statements even if the hyperinflation test of 100 per cent over three years in IAS 29 *Financial Reporting in Hyperinflationary Economies* is not met; and
- accounting for investments by the equity method in separate financial statements.

Endorsement process for new or amended Standards? New and amended Standards are adopted by national decree and regulations of the Central Bank.

Accounting standards required for SMEs

Which standards do SMEs follow? SMEs must use Uruguayan national standards that are IFRS as of July 2007 with modifications (see above). Adoption of the *IFRS for SMEs* is under consideration by the government.

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 Central Bank requires all banks, including listed banks, to use IFRS with some modifications (see below).

Financial institutions: IFRS required by the Central Bank, with some modifications (see below).

Separate company financial statements: IFRS is not permitted. Accounting standards set by the Ministry of Finance are used.

IFRS endorsement

Which standards do companies follow? IFRS as issued by the IASB, with some modifications.

The auditor's report asserts compliance with: For banks, the audit report states conformity with IFRS. For all other companies, the audit report states conformity with Uzbek National Accounting Standards.

Modifications to IFRS: Under the Central Bank regulations adopting IFRS 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, in applying IFRS, banks follow certain prudential accounting requirements of the Central Bank that differ from IFRS. 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 is not incorporated into law. However, it has 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* 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 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 as modified.

Financial institutions: Banks and other financial institutions are required to use IFRS.

Separate company financial statements: IFRS required.

IFRS endorsement

Which standards do companies follow? IFRS as issued by the IASB through 2008, with the modification described above.

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: 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*, other than SMEs in the oil, energy and mining industries, which are required to use full IFRS 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 or the *IFRS for SMEs*. All companies follow Vietnamese Accounting Standards (VAS) as developed by the Vietnamese Accounting Standards Board, with is part of the Department of Accounting and Auditing Policy of the Ministry of Finance. The Accounting Law requires the Ministry of Finance to take IFRS into consideration in developing 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: Not applicable, because IFRS has not been adopted.

Endorsement process for new or amended Standards? Not applicable, because IFRS has 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 Ministry of Finance. Those SME standards are simplified compared to VAS.

Yemen



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 for this purpose.

Financial institutions: The Central Bank requires all banking institutions to use IFRS in their published financial statements.

Separate company financial statements: IFRS permitted.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? The law permits the use of IFRS without 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. All other companies are permitted to use IFRS or the *IFRS for SMEs*. Although the *IFRS for SMEs* 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 is required. The Zambia Institute of Chartered Accountants adopted the use of IFRS by a resolution at the Annual General Meeting held in April 2004. The effective date for complying with IFRS was 1 January 2005.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

The auditor's report asserts compliance with: IFRS.

Modifications to IFRS: None.

Endorsement process for new or amended Standards? Adoption is automatic. Since use of IFRS is mandated on an ongoing basis, once a new or amended Standard is issued by the IASB, it becomes a requirement for those companies using IFRS in Zambia.

Accounting standards required for SMEs

Which standards do SMEs follow? Zambia has adopted the *IFRS for SMEs* without modification. All SMEs are permitted to use the *IFRS for SMEs*, except for micro and very small entities, which must use the *Zambian Financial Reporting Standard for Micro and Small Entities (MSEs)*. Micro and very small entities are those with annual turnover of less than K20 million (rebased) (approximately US\$4 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* or full IFRS. All SMEs whose turnover is more than K20 million (rebased) per annum and are not listed on the stock exchange may opt to use full IFRS instead of the *IFRS for SMEs*.

Zimbabwe



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

Listed companies: IFRS required. IAS (now IFRS) was formally adopted for use in Zimbabwe in 1993 and was legally operationalised in 1996 with the publication of Statutory Instrument 62 of 1996.

Financial institutions: IFRS required.

Separate company financial statements: IFRS required.

IFRS endorsement

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

Modifications to IFRS: None.

Endorsement process for new or amended Standards? To incorporate amendments to 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* is permitted. Alternatively, SMEs may choose full IFRS.

Subscribe to free alerts

Do you want to be alerted to changes to the jurisdictional profiles on the use of IFRS on the IFRS Foundation's website? The IFRS Foundation will send you, without charge, email alerts about the profiles (our 'Global Standards' alert) and alerts about other areas of interest relating to the IASB, IFRS and the IFRS Foundation. All you need to do is register (one time) and subscribe online here: <http://eifrs.ifrs.org/eifrs/Menu>. Alerts are sent if and when news relating to your specific areas of interest arises. You can amend or cancel this free service at any time by going to the above web page.

General alerts

Title of Alert	Contents
ASAF Alert	Updates on the work of the Accounting Standards Advisory Forum (ASAF) and other relevant information.
Education Initiative Alert	Updates on the IFRS Foundation's Education Initiative, Education publications and other relevant information.
Emerging Economies Group Alert	Updates on the Emerging Economies Group, which focuses on issues around the application and implementation of IFRSs in emerging economies.
Forthcoming publications	Notification of forthcoming publications from the IASB and IFRS Foundation.
Global Standards	Updates on adoption of IFRS around the world.
IASB meetings	Updates and information about IASB meetings.
IFRS Advisory Council Alert	Updates on the work of the IFRS Advisory Council.
IFRS Alert	Includes announcements of due process documents, IASB Update, project updates and related information.
<i>IFRS for SMEs</i> Alert	Includes the <i>IFRS for SMEs</i> Update and other relevant news and information relating to the <i>IFRS for SMEs</i> .
IFRS Foundation Alert	Includes news and updates relating to governance and accountability and other relevant information.
IFRS Interpretations Committee Alert	Includes due process documents, meeting updates, project updates and other relevant information.
IFRS Recruitment Alert	Updates on the IFRS Foundation and IASB vacancies.
IFRS Research Alert	Updates on the IFRS Research Centre, including the Research Round-up and other relevant information.

Title of Alert	Contents
IFRS Taxonomy Alert	Updates on the IFRS XBRL Taxonomy and other relevant information.
Investor Alerts	News and opinions written for the investor community.
Translation Alert	Updates on IFRS translation activities.

Recent IFRS and current projects

Title of Alert	Contents
Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging Alert	Updates on the Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging project.
Annual Improvements	Updates on the Annual Improvements projects.
Conceptual Framework	Updates on the Conceptual Framework project.
Disclosure Initiative	Updates on the Disclosure Initiative project.
Fair Value Measurement education	Updates on the Fair Value Measurement educational material.
Financial Instruments	Updates on the Financial Instruments (Replacement of IAS 39) project.
Insurance Contracts	Updates on the Insurance Contracts project.
Leases	Updates on the Leases project.
Performance Reporting Alert	Updates on the Performance Reporting project.
Post-implementation Review of IFRS 3 Business Combinations	Updates on this review.
Post-implementation Review of IFRS 8 Operating Segments	Updates on this review.
Pollutant Pricing Mechanisms (formerly Emissions Trading Schemes)	Updates on the Pollutant Pricing Mechanisms project.
Rate-regulated Activities	Updates on the Rate-regulated Activities project.
Research Projects	Updates on the projects in the research programme.
TRG for Revenue Recognition Alert	Updates on the work of the IASB - FASB Joint Transition Resource Group for Revenue Recognition.

Overview of IFRS

This section summarises, at a high level and in non-technical language, the main principles in IFRS issued at 1 January 2015. The IASB has not approved these summaries, and the summaries should not be relied on for preparing financial statements in conformity with IFRS.

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;
- the definition, recognition and measurement of the elements from which financial statements are constructed; and
- concepts of capital and capital maintenance.

International Financial Reporting Standards

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 1 requires an entity that is adopting IFRS for the first time to prepare a complete set of financial statements for its first IFRS reporting period and for the immediately preceding year.

The entity uses the same accounting policies throughout all periods presented in its first IFRS financial statements. Those accounting policies shall 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 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.

The Standard requires disclosures that explain how the transition from previous GAAP to IFRS 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 issue of shares and

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 also requires an entity to reflect in its 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 identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
- 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 principle in IFRS 3 is that an acquirer of a business recognises the assets acquired and the liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition.

IFRS 4 Insurance Contracts

IFRS 4 specifies the financial reporting for insurance contracts by any entity that issues such contracts until the IASB completes its comprehensive project on insurance contracts. 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 *Financial Instruments*. Furthermore, it does not address accounting by policyholders.

IFRS 4 exempts an insurer temporarily (ie until the comprehensive project is completed) from some requirements of other Standards, including the requirement to consider the *Conceptual Framework* in selecting accounting policies for insurance contracts. However, IFRS 4:

- 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);

Overview of IFRS continued...

- 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 expire, and to present insurance liabilities without offsetting them against related reinsurance assets

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 5 requires:

- assets that meet the criteria to be classified as held for sale to be measured at the lower of the carrying amount and fair value less costs to sell, and depreciation on such assets to cease;
- an asset classified as held for sale and the assets and liabilities included within a disposal group classified as held for sale to be presented separately in the statement of financial position; and
- the results of discontinued operations to be presented separately in the statement of comprehensive income.

IFRS 5 requires an entity to classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction instead of through continuing use.

IFRS 6 Exploration for and Evaluation of Mineral Resources

IFRS 6 specifies 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 determination of the technical feasibility and commercial viability of extracting the mineral resource. 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 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 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.

Financial assets

When an entity first recognises a financial asset, it classifies it based on the entity's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

Overview of IFRS continued...

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

An entity classifies all financial liabilities as subsequently measured at amortised cost using the effective interest method, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- financial guarantee contracts (for which special accounting is prescribed).
- commitments to provide a loan at a below-market interest rate (for which special accounting is prescribed).
- contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

However, an entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted or when doing so results in more relevant information.

After initial recognition, an entity cannot reclassify any financial liability.

Fair value option

An entity may, at initial recognition, irrevocably designate a financial instrument 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 results 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 adjustment for expected credit losses).

Stage 2—if the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected credit losses are recognised in profit or loss. Lifetime expected credit losses are only recognised if the credit risk increases significantly from when the entity originates or purchases the financial instrument. 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 adjusted for the loss allowance). Financial assets in this stage will generally be individually assessed. 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. This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

Under IFRS 9, hedge accounting is aligned with an entity’s risk management activities. Risk components of both financial and non-financial items qualify for hedge accounting. Rebalancing (modifying) a hedging relationship after initial designation does not necessarily terminate hedge accounting.

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.

Overview of IFRS continued...

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of 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;
- 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 the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented 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). It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement.

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:

- a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement; and
- a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie 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 relevant Standards applicable to the particular assets, liabilities, revenues and expenses.

A joint venturer recognises its interest in the joint venture as an investment in the arrangement using the equity method (see IAS 28 *Investments in Associates and Joint Ventures*).

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 other entities; and
- the effects of those interests on its financial position, financial performance and cash flows.

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It establishes disclosure objectives and identifies the kind of information an entity must disclose in its financial statements about its interests in those other entities.

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, such as fair value less costs to sell, based on fair value or disclosures about those measurements), 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 (ie 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 describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other Standards, but that qualify to be deferred in accordance with this Standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

Overview of IFRS continued...

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. 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 these accounts.

IFRS 15 Revenue from Contracts with Customers

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. The core principle is that a company recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

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 a company 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.

International Accounting 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;
- 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; and
- 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 must make an explicit and unreserved statement of such compliance in the notes. An entity must not describe financial statements as complying with IFRS unless they comply with all the requirements of IFRS. The application of IFRS, 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 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 individually significant; and
- the first-in, first-out or weighted average cost formula for 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 is recognised as an expense in the period the write-down or loss occurs.

Overview of IFRS continued...

IAS 7 Statement of Cash Flows

IAS 7 prescribes how to present information about historical changes in an entity's cash and cash equivalents in a statement of cash flows. 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:

- 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 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 Interpretation) specifically applies to a transaction, other event or condition, an entity must apply that IFRS. In the absence of an IFRS 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 dealing with similar and related issues; and
- the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Conceptual Framework*.

An entity changes an accounting policy only if the change is required by an IFRS or it improves the relevance and reliability of information in the financial statements. An entity accounts for a change in an accounting policy resulting from the initial application of an IFRS in accordance with the specific transitional provisions, if any, in that Standard. Other changes in an accounting policy are applied retrospectively except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

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 either the period-specific effects or the cumulative effect 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 when 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 when 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).

Overview of IFRS continued...

An entity adjusts the amounts recognised in its financial statements to reflect adjusting events, but it does not adjust the amounts recognised in its financial statements 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:
 - 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. The principal issue in accounting for income taxes is how to account for the current and future tax consequences of:

- the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in an entity's statement of financial position; and
- transactions and other events of the current period that are recognised in an entity's financial statements.

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.

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax assets and 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.

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 that qualifies for recognition as an asset 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 estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories 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.

Overview of IFRS continued...

- 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. Revaluation increases are recognised in other comprehensive income and accumulated in equity, except that an increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Revaluation decreases are recognised in profit or loss except to the extent of a credit balance existing in the revaluation surplus, in which case the decrease is recognised in other comprehensive income.

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.

IAS 17 Leases

IAS 17 classifies leases into two types:

- a finance lease if it transfers substantially all the risks and rewards incidental to ownership; and
- an operating lease if it does not transfer 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 depreciable 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 these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria. Revenue is measured at the fair value of the consideration received or receivable.

Overview of IFRS continued...

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 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

These plans 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:

- defined contribution plans: 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.
- defined benefit plans: an entity uses an actuarial technique (the projected unit credit method) to make a reliable estimate of the ultimate cost to the entity of the benefit 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, postemployment 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 assistance by government in the form of transfers of resources to an entity 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.

Overview of IFRS continued...

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.

A government grant that becomes repayable 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. In addition, an entity may present its financial statements in a foreign currency. IAS 21 prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. 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). A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate 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 at the date when the fair value was measured.

Exchange differences are recognised in profit or loss in the period in which they arise. However, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (for example, consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

IAS 21 permits an entity to present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, the entity must translate its results and financial position into the presentation currency.

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 or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- an entity is related to a reporting entity if any of the following conditions applies:
 - the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - the entity is controlled or jointly controlled by a person who is a related party.
 - a person who is a related party has significant influence over the entity or is a member of the key management personnel.
 - the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or the parent of the reporting entity.

Overview of IFRS continued...

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 or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures that are required by IAS 28 to be accounted for using the equity method. 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.

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 sets out the requirements for the application of 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 but is not control or joint control of those policies. 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.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised 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 arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognised in the investor'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.

Functional currency is the currency of the primary economic environment in which the entity operates. 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

Overview of IFRS continued...

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 note, 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 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. It does not apply to non-public entities.

An entity must present basic EPS and diluted EPS with equal prominence in the statement of comprehensive income. When an entity presents 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 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, an entity that reports a discontinued operation 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. Those principles enhance the comparability of an entity's basic and diluted EPS measures through time.

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 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).

The numerators used in the calculation of basic and diluted EPS must be reconciled to profit or loss attributable to the ordinary equity holders of the parent. The denominators in the calculations of basic EPS and diluted EPS must be reconciled to each other.

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 publishes an interim financial report.

IAS 34 prescribes the minimum content of 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).

The recoverable amount of the following assets 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

Overview of IFRS continued...

an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and 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 pre-tax discount rate. The value in use of an individual asset cannot sometimes be determined. In this case, recoverable amount is determined for the smallest group of assets that generates independent cash flows (cash-generating unit). The impairment of goodwill 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 reversal of the impairment loss is recognised 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 it must not exceed the amount that it would have been, had there been no impairment loss in prior years. Depreciation (amortisation) is adjusted in future periods.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

IAS 37 distinguishes between provisions and contingent liabilities. A provision is included in the statement of financial position at the best estimate of the expenditure required to settle the obligation at the end of the reporting period. 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.

Provisions

A provision is a liability of uncertain timing or amount. A 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 refund customers.

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 the measurement of 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 and contingent assets

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. (Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or settlement is not probable.) An example of a contingent liability is litigation against the entity when the assessment of any wrongdoing by the entity is uncertain.

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 generally 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.

Overview of IFRS continued...

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 a research phase and a development phase. Research expenditure is recognised as an expense. Development expenditure that meets specified criteria is recognised as 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 if fair value can be determined by reference to an active market. If an intangible asset is revalued, all assets within that class of intangible assets must be revalued. Valuations must be updated regularly. If an intangible asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income.

An intangible asset with a finite useful life is amortised. 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 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—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:

- at fair value through profit or loss—this category includes financial assets and financial liabilities held for trading, including 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—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 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 production or supply of goods and services, or for administration; and
- not property that is 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 at the lower of the fair value of the property interest and the present value of the minimum lease payments.

For subsequent measurement an entity must adopt either the fair value model or the cost model for all investment properties. All entities must

Overview of IFRS continued...

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.

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 living animals or plants (biological assets) and 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 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 by 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 value of biological assets are included in profit or loss; and
- biological assets that are attached to land (for example, trees in a plantation forest) are measured separately from the land.

The fair value of a biological asset or agricultural produce is its market price less any costs to get the asset to market. Costs to sell include commissions, levies, and transfer taxes and duties.

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 International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)

The *IFRS for SMEs* is a small (230-page) 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 primarily interested in information about cash flows, liquidity and solvency. And 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, the *IFRS for SMEs* is a stand-alone Standard. It is organised by topic. The *IFRS for SMEs* reflects five types of simplifications from full IFRS:

- some topics in full IFRS are omitted because they are not relevant to typical SMEs;
- some accounting policy options in full IFRS are not allowed because a more simplified method is available to SMEs;
- many of the recognition and measurement principles that are in full IFRS have been simplified;
- substantially fewer disclosures are required; and
- the text of full IFRS 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 that are available to accounting practitioners, educators, students, and others who wish to study IFRS. 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 here: <http://go.ifrs.org/IFRS-Learning-Resources>.

The list includes resources available from:

- International Accounting Standards Board and IFRS Foundation;
- BDO;
- Deloitte Touche Tohmatsu;
- 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 (IAAER); and
- European Commission Program for Technical Assistance to the Commonwealth of Independent States (TACIS).

The list also includes IFRS-based textbooks issued within the past five years and books with histories of the IASC and the IASB.

Each of the resources includes hyperlinks to view or obtain the resource on the Internet.

IFRS quiz

On 30 September 2014, the IFRS Foundation launched an online educational quiz as a free-of-charge resource for students, educators and other interested parties to assess their knowledge of the use of IFRS, the IASB as well as the Standards themselves. The online quiz has been developed by former IASB member Paul Pacter and draws upon information available in this Pocket Guide.

On 19 November 2014, the quiz was posted in Spanish.

The quiz may be accessed here: <http://go.ifrs.org/IFRS-Quiz>.

Quiz participants are presented with 10 true or false statements drawn randomly from 220 possible questions. The quiz is instantly graded with answers and explanations provided for the answers shown. Quiz-takers may repeat the quiz as many times as they like, with a new selection of 10 questions each time. As of 1 January 2015, the quiz had been taken over 20,000 times.

The IFRS Foundation will also make the entire set of 220 Q&As available to accounting educators and trainers who are using *IFRS as global standards: a pocket guide* as a textbook. For further information, please email ppacter@ifrs.org.

The quiz is provided as a convenience for interested parties. Completion of the quiz should not be considered as any form of certification of participants by the IFRS Foundation.

Resources on the IFRS website

Profiles on the use of IFRS	http://go.ifrs.org/Use-around-the-world
Standards	http://go.ifrs.org/Unaccompanied-Standards
Consultation documents open for comment	http://go.ifrs.org/Open-For-Comment
<i>IFRS for SMEs</i>	http://go.ifrs.org/IFRS-for-SMEs
IASB work plan	http://go.ifrs.org/IASB-work-plan
Meetings calendar	http://go.ifrs.org/Meetings-Calendar
IFRS Foundation Constitution	http://go.ifrs.org/IFRS-Foundation-Constitution
Due Process Handbook	http://go.ifrs.org/Due-Process-Handbook
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The author

Paul Pacter



Paul Pacter was a member of the IASB from 2010–2012. He is now a consultant to the IASB. In that capacity he manages a project to assess progress towards adoption of IFRS in individual jurisdictions throughout the world.

Prior to serving on the IASB, 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 IASB (2003–2010). In that capacity he helped the IASB develop an accounting standard that reduces the financial reporting burden on SMEs.

He worked for the IASB's predecessor, the International Accounting Standards Committee, from 1994–2000, 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 (GASB) (1984–1989) and a member of the GASB's pensions task force and the FASB's consolidation task force. He is co-author 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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IFRS as global standards: a pocket guide 2015

This Pocket Guide provides an overview of the adoption of IFRS in 138 countries and other jurisdictions around the world. Those jurisdictions represent over 97 per cent of the world's Gross Domestic Product (GDP).

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- IASB/IFRS Foundation history;
- IFRS learning resources; and
- information about the online IFRS quiz.

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