

## IFRS® STANDARDS—APPLICATION AROUND THE WORLD



### JURISDICTIONAL PROFILE: **Albania**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Albania. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

Profile last updated: 06 December 2021

#### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Keshilli Kombetar i Kontabilitetit (KKK) [National Accounting Council Of Albania, or NACA]
Role of the organisation	NACA is the official accounting standard-setting body in Albania.
Website	<a href="http://www.kkk.gov.al">www.kkk.gov.al</a>
Email contact	<a href="mailto:info@kkk.gov.al">info@kkk.gov.al</a>

#### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>Albania applied for European Union membership in April 2009. As an EU member, Albania would be required to comply with the IAS Regulation adopted by the European Union in 2002.</p>
What is the jurisdiction's status of adoption?	<p>Albania has adopted IFRS Standards.</p> <p>The Law on Accounting and Financial Statements No. 25/2018 determines the financial reporting requirements applicable in Albania. Public Interest Entities (PIEs) are required to apply IFRS Standards. PIEs are defined as:</p> <ul style="list-style-type: none"> <li>• listed companies;</li> <li>• banks and other subsidiaries of foreign banks as well as other non-banking financial institutions, licensed from the Bank of Albania;</li> <li>• financial institutions, insurance and reinsurance companies, and investment companies and voluntarily pension funds, as well as the regulatory authorities of the financial and insurance sector (Bank of Albania and Albanian Financial Supervisory Authority); and</li> <li>• other companies deemed by the Council of Ministers to be relevant to the public interest owing to the nature of their business, their size or their number of employees.</li> </ul> <p>The Council of Ministers' Decision No. 17/2019, stipulates that entities that meet any of the three criteria of nature, size of business and number of employees are of public interest.</p> <ul style="list-style-type: none"> <li>• By nature of business: <ul style="list-style-type: none"> <li>• Entities where the government is a shareholder.</li> <li>• Entities that derive more than 50% of their revenue from public funds.</li> <li>• Entities operating as subsidiaries with a listed parent entity.</li> <li>• Entities that offer public goods in their commercial activity and are subject to regulatory bodies in their fields.</li> </ul> </li> <li>• By size of business: <ul style="list-style-type: none"> <li>• Revenue above 1,500,000,000 ALL.</li> <li>• Total assets above 750,000,000 ALL.</li> </ul> </li> <li>• By number of employees: <ul style="list-style-type: none"> <li>• Above 250 employees at the end of the reporting period.</li> <li>• Average above 250 employees during the period.</li> </ul> </li> </ul> <p>All other entities prepare their financial statements in accordance with Albanian National Accounting Standards drafted by the NACA. These entities may choose to apply IFRS Standards.</p>
Additional comments provided on the adoption status?	<p>The Bank of Albania has deferred implementation of IFRS Standards for banks for regulatory purposes and requires prudential reporting from the banking sector. Banking legislation requires banks to prepare their financial statements in accordance with the Financial Reporting Manual, which is based on the 1998 IFRS Standards, according to the World Bank (2019).</p> <p>It is expected that the implementation of IFRS Standards for regulatory purposes will be applied starting from the year ending 31 December 2021.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a	Not applicable.

single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?      PIEs are required to apply IFRS Standards (see above).

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?      Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?      Yes, to ALL

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?      Yes. Required for separate and consolidated financial statements.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?      Required.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?      Permitted.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?      Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?      Required.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?      Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

Yes.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies? IFRS Standards translated and published in Albanian language by the NACA.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with: IFRS Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)? No.

Are IFRS Accounting Standards incorporated into law or regulations? Yes.

If yes, how does that process work? The Law on Accounting and Financial Statements No. 25/2018 requires PIEs to apply IFRS Standards (see above).

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction? Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place? No. The procedures are set forth in the Accounting Law and in the Ministerial Decision 'for the functioning of NACA'. The Albanian Reviewing Committee translates and reviews the translation of new and revised IFRS Standards. By the Ministerial Order these materials are published in the Official Gazette and are mandatory for application.

If yes, what is the process? Not applicable.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction? New and amended IFRS Standards are automatically covered by the Accounting Law, which requires PIEs to prepare their legal entity and consolidated financial statements applying IFRS Standards.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards? No.

If yes, what are the changes? Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction? None.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language? A translation of the 2021 requirements has been completed. The *IFRS for SMEs* Standard also has been translated into Albanian.

If they are translated, what is the translation process? In particular, does this process The translation is undertaken by the Reviewing Committee appointed by NACA. Translation procedures are coordinated with the IFRS Foundation.

ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Micro, small and medium-sized entities (SMEs) use National Accounting Standards (NAS) issued by the NACA and approved by the Ministry of Finance of Albania in accordance with the procedures established under Law No. 25/2018. In 2015, the NACA, with the assistance of the World Bank, completed the revision of NAS to bring them closer in line with the requirements of the 2009 <i>IFRS for SMEs</i> Standard.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	Not applicable.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use?	The Accounting Law requires all SMEs to prepare their separate or consolidated financial statements using NAS drafted by the NAC and approved by the Minister of Finance.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	Not applicable.