

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Kosovo**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Kosovo. 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.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	<p>Kosovo Council for Financial Reporting (KCFR)</p> <p>Society of Certified Accountants and Auditors of Kosovo (SCAAK)</p> <p>Central Bank of the Republic of Kosovo (CBORK)</p>
Role of the organisation	<p>The KCFR was established by the Law No.04/L-014 on <i>Accounting, Financial Reporting and Audit</i>. The KCFR has statutory authority to adopt accounting standards in Kosovo.</p> <p>The SCAAK is the professional accounting body and serves as an adviser to the KCFR.</p> <p>The Central bank has authority to establish accounting standards for banks and other financial institutions.</p>
Website	KCFR: https://mf.rks-gov.net/page.aspx?id=2,1

SCAAK: <http://scaak.org/>CBORK: www.bqk-kos.org/?cid=2,1

Email contact

KCFR: mehmet.gjukaj@mf-rks.orgSCAAK: info@scaak.org and administrata@scaak.orgCBORK: info@bqk-kos.org

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.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?

Yes.

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 IAS Standards and IFRS Standards as issued by IASB Board following approval by KCFR as published in the *Official Gazette of Kosovo*

What is the jurisdiction's status of adoption?

Kosovo has adopted the IFRS Standards.

Additional comments provided on the adoption status?

Kosovo has a three-tier accounting standards structure as follows:

- Large commercial companies must use full IFRS Standards. Those are companies that meet two of the three following criteria: annual turnover (net) greater than €4,000,000; total assets greater than €2,000,000; and average number of employees greater than 50.
- Micro-sized entities must use standards developed for them by the KCFR. Micro-sized entities are those with annual turnover €50,000 or less; total assets €25,000 or less; and average number of employees not more than 10.
- Small and medium-sized entities must use the *IFRS for SMEs* Standards. These are all business entities that are neither large nor micro-sized.

SMEs and micro-sized entities may use full IFRS Standards if they wish.

If the jurisdiction has NOT made a public statement supporting the move towards a 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.

Not applicable.

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

There is no stock exchange in Kosovo. Large commercial companies are required to use IFRS Standards. Other companies may elect to do so. See details above.

Accounting Standards in their consolidated financial statements?

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Not applicable.

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

Not applicable.

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.

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

Large commercial companies are required to use IFRS Standards. Other companies may elect to do so. See details above.

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

Large commercial companies are required to use IFRS Standards. Small and medium-sized entities (SMEs) are required to use the *IFRS for SMEs* Standard, with an option to use full IFRS Standards if they wish. See details above.

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?

There is no stock exchange in Kosovo.

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

Not applicable.

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

Not applicable.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by IASB Board and approved by Kosovo Council for Financial Reporting. If, for any reason, the KCFR has not approved a particular IFRS Standard (which has not happened), Law No.04/L-014 on *Accounting, Financial Reporting and Audit* nonetheless permits any business organisation to prepare its financial statements in conformity with IFRS Standards as issued by the IASB Board and so inform the KCFR.

The auditor's report and/or the basis of presentation footnote states that financial

IFRS Standards.

statements have been prepared in conformity with:

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?	IFRS Standards are recognised under Law No.04/L-014 on Accounting, Financial Reporting and Audit. See details 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?	Yes.
If yes, what is the process?	The Kosovo Council for Financial Reporting (KCFR) reviews each new and amended IFRS Standards after it has been translated into Albanian by the National Accounting Council of Albania. KCFR approves the IFRS Standard for use in Kosovo.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.
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?	Yes. The Albanian translation is used in Kosovo.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	<p>The translation is done by Keshilli Kombetar i Kontabilitetit – the National Accounting Council of Albania – under contract with the IFRS Foundation. The translated standards may be found on the website of the Keshilli Kombetar i Kontabilitetit.</p> <p>Translation of the most recent standards (issued 2012-2013) is in progress. The <i>IFRS for SMEs</i> Standard has already been translated into Albanian.</p>

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?	Yes.
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If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
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?	<p>Small and medium-sized entities (SMEs) in Kosovo are required to use the <i>IFRS for SMEs</i> Standard starting 1 January 2015. That requirement was adopted by the Kosovo Council for Financial Reporting (KCFR) – the accounting standard setter in Kosovo – pursuant to Law No. 04/L-014 on Accounting, Financial Reporting and audit. Consequently, Kosovo now has a three-tier accounting standards structure as follows:</p> <ul style="list-style-type: none"> • Large commercial companies must use full IFRS Standards. Those are companies that meet two of the three following criteria: annual turnover (net) greater than €4,000,000; total assets greater than €2,000,000; and average number of employees greater than 50. • Micro-sized entities must use standards developed for them by the KCFR. Micro-sized entities are those with annual turnover €50,000 or less; total assets €25,000 or less; and average number of employees not more than 10. • Small and medium-sized entities must use the <i>IFRS for SMEs</i> Standard. These are all business entities that are neither large nor micro-sized. <p>SMEs and micro-sized entities may use full IFRS Standards if they wish.</p>
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use?	See above.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	None.