

## IFRS® STANDARDS—APPLICATION AROUND THE WORLD



### JURISDICTIONAL PROFILE: **Russia**

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

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#### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	The Ministry of Finance of the Russian Federation (MoF)
Role of the organisation	The MOF is both the official standard-setting body in accounting and financial reporting and the endorsement body for IFRS Standards.
Website	<a href="http://minfin.ru">http://minfin.ru</a>
Email contact	<a href="mailto:Sergei.Burtcev@minfin.ru">Sergei.Burtcev@minfin.ru</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?	Yes.
What is the jurisdiction's status of adoption?	Russia has already adopted IFRS Standards for consolidated financial statements and in certain cases for separate financial statements.
Additional comments provided on the adoption status?	<p>IFRS Standards were endorsed for use in the Russian Federation at the end of 2011 and became mandatory from 2012 in accordance with the Federal Law 208-FZ On Consolidated Financial Statements .</p> <p>IFRS Standards are mandatory for consolidated financial statements. Additionally, separate company financial statements must be prepared using Russian GAAP. Financial statements of certain companies that do not constitute a group, as defined by IFRS Standards but which are specified in the Federal Law 208-FZ On Consolidated Financial Statements (for instance listed companies, banks, except for banks with a basic licence, insurance companies, etc.), are required to be prepared in accordance with the IFRS Standards.</p>
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 Accounting Standards in their consolidated financial statements?	Yes.
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?	All, except for banks with a basic license, which have no subsidiaries, special purpose vehicles (i.e. special-purpose financing entities as defined by the Russian law) and mortgage agents. Banks with a basic license which have no subsidiaries are subject to the reporting requirements of the Central Bank of the Russian Federation (CBR). As such they are required to apply CBR's rules for preparation of financial statements that are similar to the IFRS Standards.
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?	No.

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

In addition to listed companies, the following companies are required to use IFRS Standards for consolidated financial statements in accordance with the Federal Law 208-FZ On Consolidated Financial Statements:

- (a) banks (except for banks with a basic license, which have no subsidiaries);
- (b) insurance companies (except for medical insurance companies, whose single activity is mandatory medical insurance);
- (c) non-state pension funds;
- (d) management companies of investment funds, investment unit trusts and non-state pension funds;
- (e) clearing organizations;
- (f) federal state-owned enterprises as well as joint-stock companies, whose shareholder is the Russian Federation (per the Russian Government decision);
- (g) any other company that prepares consolidated financial statements due to requirements of other laws or its charter documents.

In addition, all non-listed companies that control subsidiaries are required to include the IFRS consolidated financial statements into a prospectus.

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?

Yes.

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

Required for some and permitted for others. Foreign companies whose securities trade in a public market in the Russian Federation are required to report under the IFRS Standards for consolidated financial statements unless they use US GAAP, Japan GAAP or other internationally recognized rules that are deemed equivalent to IFRS Standards by the Russian Federation.

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

All.

## IFRS ENDORSEMENT

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

IFRS Standards endorsed by the Russian Federation, which are the IFRS Standards as issued by the International Accounting Standards Board.

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?	<p>IFRS Standards are part of the Russian accounting and reporting regulation: the Federal Laws 208-FZ On Consolidated Financial Statements and 402-FZ On Accounting. These Laws are available for download (in English) on the 'Accounting and Auditing' page of the MoF website.</p> <p>Law No. 208-FZ states that IFRS Standards and Interpretations of IFRS Standards issued by the IFRS Foundation and endorsed by the MoF in consultation with the CBR shall be applied in Russia.</p> <p>IFRS Standards are given effect by the Orders of the MoF. These Orders are available (in Russian) on the 'Legislation on the IFRS' page of the MoF website.</p> <p>Individual IFRS Standards are subject to the endorsement process described below.</p>
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?	<p>The first stage of the endorsement process is a technical assessment of the IFRS Standard made by the National organization for financial accounting and reporting standards (NOFA), which is the independent organisation designated by the Ministry of Finance. The decision on endorsement of an IFRS Standard into force in the territory of the Russian Federation shall be based on the report of NOFA.</p> <p>The second stage of the endorsement process is administrative: the issuance of the regulation on endorsement of the IFRS Standard by the MoF in cooperation with the CBR as well as with the Russian Ministry of Justice.</p> <p>The endorsement process for IFRS Standards is laid out in Resolution No. 107 of 25 February 2011 'Regulation On Endorsement of the International Financial Reporting Standards and Interpretations of the International Financial Reporting Standards for their Application in the Territory of the Russian Federation'.</p> <p>The individually endorsed IFRS Standards are available (in Russian) on the 'Consolidated version of IFRS' page of the MoF website.</p>
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. The full set of the IFRS Standards has been endorsed in the Russian Federation. No accounting policy options permitted by IFRS Standards have been eliminated, nor have any carve-out or modifications been made to the recognition, measurement and disclosure requirements of the IFRS Standards.

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, they are translated and the translation is provided / coordinated by the IFRS Foundation.

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? The translation process is coordinated by the IFRS Foundation. This process ensures an ongoing translation of the continuous updates to the standards.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs? No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? The MoF has conducted a public discussion and is considering whether to permit or require the *IFRS for SMEs* Standard.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* 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 *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? Accounting standards issued by the MoF.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? Public discussions on the use of the *IFRS for SMEs* Standard in the Russian Federation suggest that cost of transition to the *IFRS for SMEs* Standard are considered much greater than the benefits gained by the companies and users.