

Financial Reporting Standards for the World Economy

International Financial Reporting Standards (IFRS) have become the de facto global standard for financial reporting. Its quality has been validated by almost a decade of use by markets in both advanced and developing economies.

The vision of global accounting standards is shared by almost every country in the world. Today, more than 100 countries require the use of IFRS by public companies, while most other jurisdictions permit the use of IFRS in at least some circumstances.

We are not yet at the point at 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.

This booklet (prepared by former International Accounting Standards Board (IASB) member Paul Pacter) provides a progress report on IFRS as the global standard for financial reporting.



The vision of global accounting standards

The vision of global accounting standards has been publicly supported by many international organisations, including the G20, the World Bank, the International Monetary Fund, the Basel Committee, International Organization of Securities Commissions and the International Federation of Accountants.

In their Strategy Review Report published in February 2012, the Trustees of the IFRS Foundation reaffirmed their commitment to achieving that vision. The Report said:

We remain committed to the belief that a single set of International Financial Reporting Standards (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.

The Trustees went on to say:

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

Assessing progress towards the goal of global accounting standards

To assess progress towards the goal of global accounting standards, the IFRS Foundation has undertaken a comprehensive project with three related objectives:

- (a) to develop a central source of information to chart jurisdictional progress towards the global adoption of a single set of financial reporting standards;
- (b) to respond to assertions that there are many national variations of IFRS around the world; and
- (c) to identify where the IFRS Foundation can help countries progress on their path to adoption of IFRS.

Project to develop IFRS profiles for individual countries and other jurisdictions

To achieve those objectives, the IFRS Foundation has developed and posted profiles about the use of IFRS in individual jurisdictions. The project is managed by Paul Pacter.

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. Their comments are reflected.

140 profiles are currently posted

Currently, profiles are completed for 140 countries and other jurisdictions, including all of the G20 jurisdictions plus 120 others. The profiles may be found here: <http://go.ifrs.org/global-standards>.

The 140 profiles cover all areas of the world:

Region	Number of jurisdictions	Percent of total
Europe	43	31%
Africa	19	14%
Middle East	9	6%
Asia and Oceania	32	23%
Americas	37	26%
Total	140	100%

The 140 profiled jurisdictions cover 97 per cent of the global Gross Domestic Product (GDP). So while we continue to develop IFRS profiles for a number of additional jurisdictions, we believe that the 140 existing profiles provide a comprehensive view of the use of IFRS around the world.

Content of individual profiles

Each profile shows, among other things:

- survey participant details;
- whether the jurisdiction has made a public commitment to global accounting standards;
- extent of IFRS application: which companies? Required or permitted? Consolidated only? Unlisted?
- IFRS endorsement: process, legal authority, auditor's report;
- did the jurisdiction eliminate options? Make modifications?
- process for translation of IFRS; and
- adoption of the *International Financial Reporting Standards for Small and Medium-sized Entities* (IFRS for SMEs).

What we have learned

Overall observation

14 years after the reform of the International Accounting Standards Committee (IASC) and the establishment of the IFRS Foundation and the IASB, the profiles provide firm evidence that the vision of global accounting standards is now a reality.

Of the 140 jurisdictions whose profiles have been posted:

- 116 jurisdictions (83 per cent of the profiles) require IFRS for all or most domestic publicly accountable entities (listed companies and financial institutions).

- Most of the remaining 24 jurisdictions that do not yet *require* IFRS for all or most domestic publicly accountable entities already *permit* it for at least some of those entities (details are provided in Observation 6).

We are not yet at the point at which IFRS adoption is total and complete for publicly accountable entities around the world.

But, if one considers that just 15 years ago very few jurisdictions even permitted IFRS, we have made extraordinary progress in a short period of time.

The 116 jurisdictions classified as requiring IFRS for all or most domestic publicly accountable entities include all 31 member states of the European Union and the European Economic Area, where IFRS is required for all European companies whose securities trade in a regulated market. There are around 8,000 such listed companies in Europe, and all but a handful of them use IFRS as issued by the IASB. The much publicised IAS 39 *Financial Instruments: Recognition and Measurement* ‘carve-out’ affects fewer than two dozen banks only.

The 116 jurisdictions also include several jurisdictions that have converged their national standards with IFRS so that all entities using those standards are able to assert compliance with IFRS. These include Australia, Hong Kong, Korea (South), New Zealand and Singapore. Also included among them are three that have adopted recent, but not the latest versions of IFRS: Macedonia (2009), Myanmar (2010) and Venezuela (2008). Those jurisdictions are working to update their adoption to the current version.

The following table is a list of the 140 jurisdictions for which profiles are posted as of June 2015. The 116 jurisdictions that require IFRS for all or most publicly accountable entities are highlighted in **red**:

Afghanistan	Bulgaria	Ghana	Liechtenstein	Palestine	Sweden
Albania	Cambodia	Greece	Lithuania	Panama	Switzerland
Angola	Canada	Grenada	Luxembourg	Paraguay	Syria
Anguilla	Cayman Islands	Guatemala	Macao	Peru	Taiwan
Antigua and Barbuda	Chile	Guinea-Bissau	Macedonia	Philippines	Tanzania
Argentina	China	Guyana	Madagascar	Poland	Thailand
Armenia	Colombia	Honduras	Malaysia	Portugal	Trinidad and Tobago
Australia	Costa Rica	Hong Kong	Maldives	Romania	Turkey
Austria	Croatia	Hungary	Malta	Russia	Uganda
Azerbaijan	Cyprus	Iceland	Mauritius	Rwanda	Ukraine
Bahamas	Czech Republic	India	Mexico	Saint Lucia	United Arab Emirates
Bahrain	Denmark	Indonesia	Moldova	Saudi Arabia	United Kingdom
Bangladesh	Dominica	Iraq	Mongolia	Serbia	United States
Barbados	Dominican Republic	Ireland	Montserrat	Sierra Leone	Uruguay
Belgium	Ecuador	Israel	Myanmar	Singapore	Uzbekistan
Belarus	Egypt	Italy	Nepal	Slovakia	Venezuela
Belize	El Salvador	Jamaica	Netherlands	Slovenia	Vietnam
Bermuda	Estonia	Japan	New Zealand	South Africa	Yemen
Bhutan	European Union	Jordan	Nicaragua	Spain	Zambia
Bolivia	Fiji	Kenya	Niger	Sri Lanka	Zimbabwe
Bosnia and Herzegovina	Finland	Korea (South)	Nigeria	St Kitts and Nevis	
Botswana	France	Kosovo	Norway	St Vincent and the Grenadines	
Brazil	Georgia	Latvia	Oman	Suriname	
Brunei	Germany	Lesotho	Pakistan	Swaziland	

What we have learned *continued...*

Details from 140 jurisdiction profiles

Observation 1: Support for global accounting standards

Nearly all jurisdictions have publicly stated a commitment in support of global accounting standards.

- Yes = 130 of the 140 jurisdictions (93 per cent).
- No = 10 (Albania, Belize, Bermuda, Cayman Islands, Egypt, Macao, Paraguay, Suriname, Switzerland and Vietnam). Note that even though those jurisdictions have not stated a public commitment to a single set of global accounting standards, IFRS is, in fact, used by at least some public entities in many of the 10 jurisdictions.

Observation 2: IFRS as the global accounting standard

The relevant authority in nearly all jurisdictions has publicly stated that IFRS should be the global accounting standards.

- Yes = 132 of the 140 jurisdictions (94 per cent).
- No = 8 (Belize, Bermuda, Cayman Islands, Egypt, Macao, Suriname, Switzerland and Vietnam). Although Switzerland has not made a formal public statement that IFRS should be the global accounting standard, the Swiss Government accepts IFRS as issued by the IASB (in addition to the IFRS for SMEs, US GAAP, IPSASs, and Swiss GAAP FER) as an acknowledged accounting framework in accordance with the Swiss Code of Obligations. And 91 per cent of the companies whose primary listing is on the main board of the Swiss Stock Exchange use IFRS. Similarly, although Belize, Bermuda and the Cayman Islands have not made a formal public statement that IFRS should be the global accounting standard, IFRS is permitted and is frequently used.

Most jurisdictions require IFRS for public companies

Observation 3: IFRS requirement for domestic listed companies and financial institutions

IFRS is required for all or most domestic publicly accountable entities (listed companies and financial institutions) in 116 jurisdictions of the 140 jurisdictions profiled.

- Yes = 116 of 140 jurisdictions (83 per cent).
- No = 24 jurisdictions. But, as explained in Observation 6, IFRS is permitted or required for at least some publicly accountable entities in most of those 24 jurisdictions.

The 116 includes seven jurisdictions that do not have stock exchanges but that require IFRS for banks and other publicly accountable entities: Afghanistan, Angola, Belize, Brunei, Kosovo, Lesotho and Yemen.

Use of IFRS goes well beyond listed companies

Observation 4: IFRS required for more than just listed companies

Around 60 per cent of the 116 jurisdictions that require IFRS for domestic listed companies also require IFRS for unlisted financial institutions and/or large unlisted companies.

Observation 5: IFRS permitted for unlisted companies

Around 90 per cent of the 116 jurisdictions that require IFRS for domestic listed companies also require or permit IFRS for many unlisted companies.

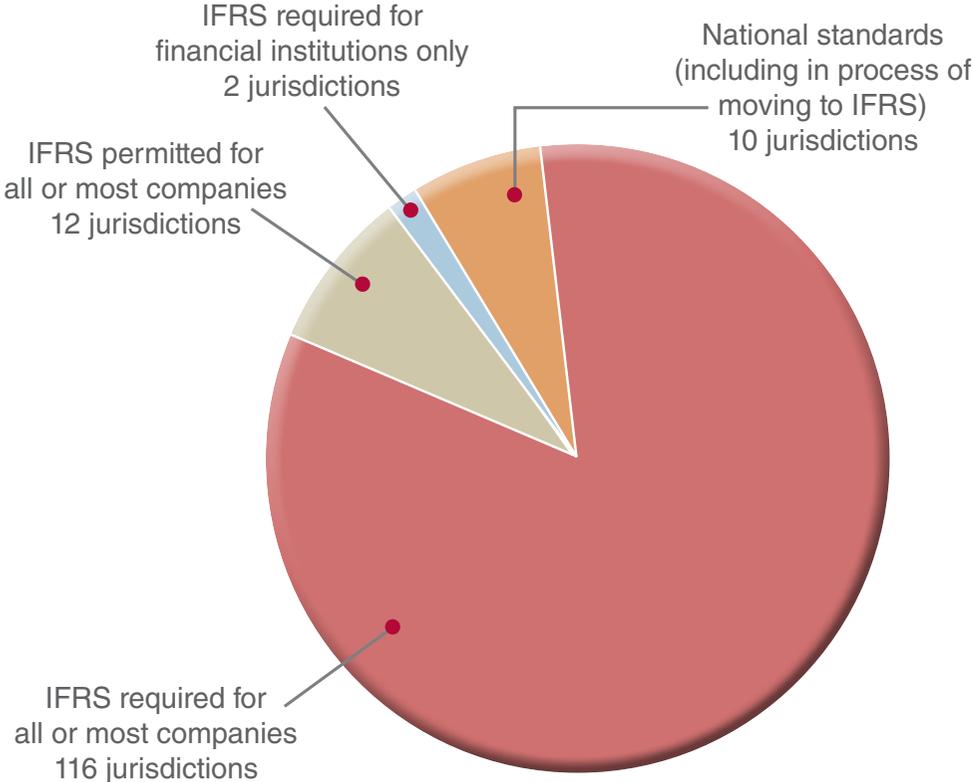
Observation 6: IFRS permitted for listed companies

Most of the remaining 24 jurisdictions that do not yet require IFRS for all or most domestic listed companies already permit IFRS for at least some domestic listed companies:

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

What we have learned *continued...*

Of the 140 profiled jurisdictions, 116 require IFRS for publicly accountable entities, and most of the others permit the use of IFRS:



Profiles of the 140 jurisdictions show that IFRS is widely used in every region of the world

Region	Number of jurisdictions				
	Jurisdictions in the region	Jurisdictions that require IFRS for all or most domestic publicly accountable entities	Jurisdictions that require IFRS as a per cent of the total jurisdictions in the region	Jurisdictions that permit or require IFRS for at least some (but not all or most) domestic publicly accountable entities	Jurisdictions that neither require nor permit IFRS for any domestic publicly accountable entities
Europe	43	42	98%	1	0
Africa	19	15	79%	1	3
Middle East	9	8	89%	1	0
Asia and Oceania	32	24	75%	3	5
Americas	37	27	73%	8	2
Totals	140	116	83%	14	10
As per cent of 140	100%	83%		10%	7%

What we have learned continued...

The following are comments on the larger of the 24 jurisdictions that do not yet require IFRS for all or most domestic listed companies.

China

- National standards are substantially converged with IFRS.
- While Chinese companies that trade on Mainland China stock exchanges use national standards, it should be noted that Chinese companies whose securities trade on the Stock Exchange of Hong Kong may choose either IFRS, Hong Kong Financial Reporting Standards (HKFRS) or Chinese Accounting Standards (ASBEs) for purposes of financial reporting to Hong Kong investors. Those financial reports are in addition to the ASBE financial reports that the Chinese companies issue within mainland China.

- At 30 June 2014, a total of 296 Chinese companies (known as ‘Red Chip’ and ‘H-Share’ companies) trade in Hong Kong. Of those 296 companies, 85 per cent use IFRS or HKFRS (identical to IFRS); only 15 per cent use ASBE. And the IFRS/HKFRS companies constitute 95 per cent of the market capitalisation of Chinese companies trading in Hong Kong.
- There are also a number of Chinese companies that use IFRS for the purpose of trading in the US and in Europe.

India

- IFRS is currently permitted on a limited voluntary basis. A few listed companies (approximately 11 companies) use IFRS.
- India has recently adopted a new set of accounting standards for listed and large companies that is generally converged with IFRS, but with some mandatory and some optional modifications. Those standards are known as Indian Accounting Standards (Ind AS).

Indonesia

- Listed companies follow Indonesian Financial Reporting Standards (SAK). Currently, SAK is substantially in line with IFRS as at 1 January 2009, but there are a number of differences, and several Standards and Interpretations do not have SAK equivalents.
- The standard-setter is currently working toward bringing SAK substantially in line with IFRS as at 1 January 2014, again with some exceptions.

Japan

- Listed companies may use Japanese Accounting Standards, IFRS or US GAAP.
- In Japan, IFRS adopters and their market capitalisation are growing rapidly.
- At May 2015, 85 companies are using or have publicly announced that they will adopt IFRS. Their market capitalisation is approximately 20% of the Tokyo Stock Exchange. An additional 30 companies are known to be considering moving to IFRS. Two-and-a-half years earlier (December 2012) only 10 Japanese companies were using IFRS.

Saudi Arabia

- IFRS is required for banks and insurance companies.
- There is a plan to adopt IFRS for all listed companies and financial institutions, which is most likely to be effective in 2017.

Switzerland

- IFRS is permitted. Swiss GAAP FER, US GAAP and statutory bank standards may also be used. SMEs may also use the IFRS for SMEs.
- Of the 130 companies whose primary securities listing is the main Board of the SIX Swiss Exchange in January 2015, 91 per cent use IFRS.

United States

- SEC has studied whether to require or permit IFRS. See, for example, SEC Concept Release (2007), Roadmap (2008), Staff Report (2012).
- IFRS is permitted for non-US companies without reconciliation to US GAAP. Around 500 cross-border SEC registrants now use IFRS.

What we have learned *continued...*

Modifications of IFRS

Observation 7: Modifications of IFRS

Modifications to IFRS are rare.

The 140 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. This finding is important because it responds to the incorrect assertions that there are many national variations of IFRS around the world.

EU: the much-publicised IAS 39 carve-out

- The European Commission itself describes the carve-out as 'temporary'.
- It is used by fewer than two dozen out of 8,000 listed companies in the EU.
- 99.8 per cent of EU listed companies use IFRS as issued by the IASB.

Effective dates:

- A few jurisdictions deferred dates of several standards, notably IFRS 10, IFRS 11 and IFRS 12. Most of those deferrals terminated on 1 January 2014.

Modifications or deferrals pending completion of IASB projects

- Modification to permit the use of equity method in separate financial statements: Argentina, Brazil, Taiwan and Uruguay. The IASB has recently amended IAS 27 *Separate Financial Statements* to permit the use of the equity method in separate financial statements, so this modification is no longer an issue.
- Loan loss provisions of financial institutions: Chile, Pakistan, Serbia and Uzbekistan. The IASB has recently issued IFRS 9 *Financial Instruments*, which addresses loan loss provisions of financial institutions. It is likely that jurisdictions will reconsider these modifications in the light of IFRS 9.
- Rate-regulated activities: Canada had deferred mandatory adoption of IFRS by rate-regulated companies until 2015 pending the issue of IFRS 14 *Regulatory Deferral Accounts*. This was issued in January 2014 and the deferral has since ended.

- Bearer plants such as groves and plantations: several jurisdictions made exemptions from or modified IFRS to require or permit perennial bearer plants to be accounted for as property, plant and equipment (amortised cost plus impairment) instead of agricultural assets (fair value through profit or loss). The IASB amended IAS 41 *Agriculture* in June 2014 to treat perennial bearer plants as property, plant and equipment. At least one jurisdiction (Malaysia) has already withdrawn its exemption.

Older versions of IFRS adopted by law or regulation

- Several jurisdictions have not adopted the current versions of IFRS:
 - Macedonia has adopted the 2009 version of IFRS.
 - Myanmar has adopted the 2010 version.
 - Venezuela has adopted the 2008 version.

Other modifications to IFRS

- Pakistan has not adopted IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRIC 12 *Service Concession Arrangements* and IFRIC 15 *Agreements for the Construction of Real Estate*. For banks, Pakistan has not adopted IAS 39 *Financial Instruments: Recognition and Measurement*, IAS 40 *Investment Property* and IFRS 7 *Financial Instruments: Disclosures*.
- Sri Lanka made some modifications to IAS 34 *Interim Financial Reporting*, IAS 40 and IFRS 7. Sri Lanka has adopted IFRIC 15 but the effective date is deferred.

What we have learned continued...

The audit report generally refers to IFRS

Observation 8: Auditor's report wording

In the majority of the jurisdictions, the auditor's report refers to compliance with IFRS.

In 84 of those jurisdictions in which IFRS is required or permitted, the auditor's report refers to compliance with IFRS. In another 33 jurisdictions, the auditor's report refers to compliance with IFRS as adopted by the EU (including 31 EU/EEA members, the EU itself as a G20 member and an EU candidate country). In the remaining 23 jurisdictions, the auditor's report refers to national standards (in some of those cases, such as Bangladesh, Hong Kong, Malaysia and Singapore, the national standards are virtually identical to IFRS).

Wording in auditor's report	Number of jurisdictions
IFRS as issued by the IASB.	84 jurisdictions
IFRS as adopted by the EU. Some of these also assert compliance with IFRS (dual reporting).	33 jurisdictions
National standards. In some cases the national standards are word-for-word IFRS. In other cases they are not.	23 jurisdictions

What do we mean by endorsement?

Observation 9: Endorsement process

Apart from the 33 member countries of the EU and EEA and EU candidate countries, 67 per cent of the remaining 107 jurisdictions that require or permit IFRS for domestic companies do not go through endorsement of individual new or amended Standards.

In our profiles, we use the word 'endorsement' to mean an ongoing process by which individual new or amended Standards (including Interpretations) are formally approved for use in a jurisdiction. This definition does not include the one-time process for the original incorporation of IFRS into the laws or regulations of a jurisdiction.

In the February 2012 report of the Strategy Review by the Trustees of the IFRS Foundation, the Trustees said:

As the body tasked with achieving a single set of improved and globally accepted high quality accounting standards, the IFRS Foundation must remain committed to the long-term goal of the global adoption of IFRSs as developed by the IASB, in their entirety and without modification. Convergence may be an appropriate short-term strategy for a particular jurisdiction and may facilitate adoption over a transitional period. Convergence, however, is not a substitute for adoption. Adoption mechanisms may differ among countries and may require an appropriate period of time to implement but, whatever the mechanism, it should enable and require relevant entities to state that their financial statements are in full compliance with IFRSs as issued by the IASB.

By saying ‘adoption mechanisms may differ among countries’ the Trustees acknowledge that the endorsement process can differ from one jurisdiction to another.

- (a) in some jurisdictions, the one-time process for the original adoption of IFRS also incorporates all new or amended Standards after originally incorporating IFRS into laws or regulations; no subsequent action is needed to adopt each new or amended Standard; and
- (b) other jurisdictions will see a need to act on (‘endorse’) each individual new or amended Standard to incorporate it into laws or regulations.

In some of those jurisdictions that choose approach (b), the endorsement process is relatively perfunctory, particularly because formal endorsement of a final Standard has been preceded by a local consultation on the IASB’s Exposure Draft. In other jurisdictions that choose approach (b), the endorsement process re-debates the technical decisions that the IASB debated in issuing the final new or amended Standard—even if the endorsement process was preceded by a local consultation on the IASB’s Exposure Draft. Sometimes, a jurisdiction may inject non-technical (for example, political) issues into the endorsement process.

The IFRS Foundation Trustees have not taken a position favouring a particular endorsement process or on which type of body should have endorsement responsibility. But whatever a jurisdiction’s endorsement mechanism, the Trustees were clear on what the outcome should be: entities in that jurisdiction should be able, and be required, to assert that their financial statements are in full compliance with IFRS as issued by the IASB.

What we have learned continued...

What endorsement mechanisms do jurisdictions currently use?

One of the issues addressed in each profile is whether the jurisdiction has a process in place for the endorsement or adoption of new or amended Standards (including Interpretations) in place. If the jurisdiction's response is yes, we ask what the process is. If the jurisdiction's response is no, we ask how new or amended Standards become a requirement in the jurisdiction.

The following table summarises the answers to those questions for the 140 jurisdictions for which profiles are posted.

Endorsement process	Number of jurisdictions
No endorsement required (the one time process for original adoption of IFRS also incorporates all new or amended Standards issued subsequently)	65 jurisdictions
EU process (endorsement process involves a combination of professional and governmental bodies*)	33 jurisdictions
Endorsement solely by professional accounting body	11 jurisdictions
Endorsement solely by government agency	15 jurisdictions
Involves both professional body and government agency	6 jurisdictions
IFRS not yet adopted for any domestic companies (hence no endorsement process)	10 jurisdictions
Total	140 jurisdictions

* The EU/EEA has an endorsement process that involves endorsement advice and an effects study from the European Financial Reporting Advisory Group (EFRAG); a favourable vote of the Accounting Regulatory Committee (ARC); favourable opinions of the European Parliament and the Council of the EU; and publication in the *Official Journal of the European Union*.

Which jurisdictions use the IFRS for SMEs

Observation 10: IFRS for SMEs

73 of the 140 jurisdictions require or permit the *IFRS for SMEs*. Another 14 are actively considering it.

The 73 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, Kosovo, Lesotho, Macedonia, Maldives, Mauritius, Montserrat, Myanmar, Nicaragua, Nigeria, Palestine, 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, Suriname, Swaziland, Switzerland, Tanzania, Trinidad & Tobago, Turkey, Uganda, United Arab Emirates, United Kingdom, Uruguay, Venezuela, Yemen, Zambia and Zimbabwe.

For the 73 jurisdictions that require or permit the IFRS for SMEs:

- (a) five require the *IFRS for SMEs* for all SMEs that are not required to use full IFRS;
- (b) 50 give an SME the choice to use full IFRS instead of the *IFRS for SMEs*;

- (c) 17 give an SME the choice to use either full IFRS or local GAAP instead of the *IFRS for SMEs*; and
- (d) one requires an SME to use local GAAP if it does not choose the *IFRS for SMEs*.

Few modifications of the *IFRS for SMEs*

In requiring or permitting the *IFRS for SMEs*, 64 of the 73 jurisdictions (88 per cent) made no modifications at all to its requirements. Nine jurisdictions made modifications as follows:

- (a) two jurisdictions (Argentina and Brazil) require the 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* at a future review of the Standard).
- (b) one jurisdiction (Hong Kong) modified Section 29 *Income Tax* to confirm to the recognition and measurement requirements of IAS 12 *Income Taxes*. The IASB has made a similar amendment to the *IFRS for SMEs* following the comprehensive review of the *IFRS for SMEs* (amendments issued in May 2015).

(c) 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.

(d) 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 their profiles on the IFRS website.

(e) one jurisdiction (Bangladesh) did not adopt Section 31 *Hyperinflation* because hyperinflation is not an issue domestically.

(f) 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*.

(g) one jurisdiction (Uruguay) permits capitalisation of borrowing costs. Uruguay also permits use of the revaluation model for property, plant and equipment, an option that the IASB has recently added to the *IFRS for SMEs* for all jurisdictions.

Concluding observations about the extent of the use of IFRS

IFRS provides the financial information for capital markets covering more than 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 \$17.2 trillion US dollars.
- The combined 2012 GDP of the non-EU/EEA jurisdictions that either require or permit IFRS for all or most domestic listed companies is \$23.8 trillion US dollars.

IFRS as global standards: a pocket guide

In April 2015, the IFRS Foundation published the second edition of *IFRS as global standards: a pocket guide*. Written by Paul Pacter, the 204-page full-colour Pocket Guide is primarily a summary of the use of IFRS in each of 138 countries and other jurisdictions around the world. Those jurisdictions represent 97 per cent of the world's GDP.

The summaries in the Pocket Guide are a condensed version of the full jurisdiction profiles available on the IFRS website. They provide a useful snapshot of where and how IFRS is used globally.

To provide a perspective on the use of IFRS, in addition to information about the use of IFRS in 138 jurisdictions, the Pocket Guide also summarises:

- (a) What IFRS is.
- (b) Why countries and other jurisdictions, and companies in those jurisdictions, would want to adopt IFRS (that is, the perceived benefits).
- (c) History of the development of IFRS.
- (d) How IFRS is developed.
- (e) Requirements of each current IAS and IFRS.
- (f) Links to resources.

IFRS Quiz

In October 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, developed by Paul Pacter, draws on information available in the Pocket Guide.

Quiz participants are presented with 10 true or false statements selected randomly from 220 possible questions. The quiz is instantly graded, with answers and explanations provided for the answers shown. The IFRS quiz is available at: <http://go.ifrs.org/IFRS-Quiz>.

In November 2014, the IFRS Foundation posted a Spanish translation of the quiz online.

To date, the quiz has been taken more than 28,000 times by people from 114 countries. The average score is just above 70 per cent – in other words, seven correct answers for each group of ten questions.

Mission of the IFRS Foundation and the IASB

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. We serve 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 increases **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 seek to make our standard-setting independent from special interests while ensuring accountability to our stakeholders around the world.

Support for global accounting standards

G20 Finance Ministers and Central Bank Governors

“We recall the crucial importance of making swift progress on this issue (a single set of high-quality accounting standards) in order to enhance resilience of financial markets.”

<http://www.g20.utoronto.ca/2013/2013-0720-finance.html>

“We support continuing work to achieve convergence to a single set of high-quality accounting standards. The long-term benefits likely to result from the use of a harmonized set of international accounting standards are considerable, in particular from a market transparency and cost perspective.”

<http://g20watch.edu.au/g20-leaders-declaration-los-cabos-2012>

Financial Stability Board (FSB)

“[FSB] members reaffirmed the continuing relevance of the objective of achieving a single set of high-quality global accounting standards”.

http://www.financialstabilityboard.org/2014/09/pr_140918/

International Organization of Securities Commissions (IOSCO)

“IOSCO supports the development and use of robust, internationally accepted, and consistently applied financial reporting standards. To achieve such standards, the standard setting process must be accountable and subject to appropriate consultation. In this regard, IOSCO strongly supports International Financial Reporting Standards (IFRS) as developed by the International Accounting Standards Board (IASB).”

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD282.pdf>

The World Bank and the International Monetary Fund

“The IMF and the World Bank have recognized international standards in 12 policy areas...

Accounting and Auditing: International Accounting Standards Board’s International Financial Reporting Standards and International Federation of Accountants’ International Standards on Auditing.”

<http://www.imf.org/external/np/exr/facts/sc.htm>

International Federation of Accountants

“IFAC member bodies shall identify and undertake actions to have the IFRSs issued by the IASB adopted and implemented for at least public interest entities in their jurisdictions... Responsible parties are encouraged to consider the use of the IFRS for SMEs in relation to non-public interest entities.”

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