

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Albania**



Disclaimer: The information in this Profile is for general guidance only and may change from time to time. You should not act on the information in this Profile, and you should obtain specific professional advice to help you 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.

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

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

The purpose of the IFRS Foundation's Jurisdictional Profiles is to illustrate the extent of implementation of IFRS Standards across the globe only. The Profiles do not reflect the intellectual property licensing status of IFRS Standards within any given jurisdiction. The IFRS Standards are protected by copyright and are subject to different licensing arrangements according to jurisdiction. For further information, please contact Licences@ifrs.org.

Profile last updated: 16 June 2016

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	http://www.kkk.gov.al/
Email contact	info@kkk.gov.al

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?	No.
--	-----

<p>Has the jurisdiction made a public commitment to IFRS Standards as that single set of high quality global accounting standards?</p>	<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: http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm</p>
<p>What is the jurisdiction's status of adoption?</p>	<p>Albania has adopted IFRS Standards.</p> <p>The Accounting Law (2004) requires the following classes of companies to prepare their legal entity (separate company) and consolidated financial statements using IFRS Standards:</p> <ul style="list-style-type: none"> • Listed companies. • 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 1,250,000,000 (approximately €9 million) and average number of employees more than 100. <p>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.</p> <p>Because Albania has applied for membership in the European Union, Albania follows IFRS Standards as adopted by the European Union.</p> <p>Link to Accounting Law (2004) in Albanian: http://kkk.gov.al/foto/uploads/File/Ligji%209228%20date%2029.04.2004.pdf</p>
<p>Additional comments provided on the adoption status?</p>	<p>Note that although the law requires listed entities to use IFRS Standards, currently the trading of shares on the stock exchange in Albania is inactive.</p>
<p>If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.</p>	<p>Not applicable.</p>
<p>EXTENT OF IFRS APPLICATION</p>	
<p><i>For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:</i></p>	
<p>Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?</p>	<p>All domestic companies whose equity or debt securities trade in a public market are required to use IFRS Standards as adopted by the EU in their consolidated financial statements. However, trading of shares on the stock exchange in Albania is currently inactive.</p>
<p>If YES, are IFRS Standards REQUIRED or PERMITTED?</p>	<p>Not applicable.</p>
<p>Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?</p>	<p>Not applicable.</p>

Are IFRS 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 Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	IFRS Standards as adopted by the EU are required in the separate company financial statements of companies whose securities trade in a public market.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	IFRS Standards as adopted by the EU are required in both the consolidated and separate company financial statements of large companies (turnover more than approximately €9 million and more than 100 employees) and financial institutions (including mutual funds, collective investment schemes, and pension funds) whose securities do not trade in a public market.
If the jurisdiction currently does not require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS 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 Standards in their consolidated financial statements?	The stock exchange in Albania is currently inactive.
If YES, are IFRS 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 Standards are required or permitted for domestic companies?	IFRS Standards as adopted by the European Union, which are IFRS Standards with some limited modifications such as the temporary 'carve-out' from IAS 39 <i>Financial Instruments</i> . However, the resulting financial statements of the majority of companies can still be in full compliance with IFRS Standards.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	No.
Are IFRS Standards incorporated into law or regulations?	Yes.

If yes, how does that process work?	The Accounting Law (2004) requires listed entities, large unlisted entities, and financial institutions to prepare their legal entity and consolidated financial statements using IFRS Standards.
If no, how do IFRS 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 Standards (including Interpretations) in place?	No. However, the National Accounting Council of Albania, assisted by the World Bank and the IFRS Foundation, is working on a project to develop an adoption/endorsement process.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	New and amended IFRS Standards are automatically covered by the Accounting Law (2004), which requires listed entities, large unlisted entities, and financial institutions to prepare their legal entity and consolidated financial statements using IFRS Standards.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standard?	No. However, because Albania has applied for membership in the European Union, Albania follows IFRS as adopted by the European Union. IFRS as adopted by the European Union reflect some modifications to IFRS Standards.
If yes, what are the changes?	Details are in the Profile of the European Union.
Other comments regarding the use of IFRS Standards in the jurisdiction?	None.

TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	A translation of the 2012 requirements is in progress. In addition, the IFRS for SMEs Standard has been translated into Albanian.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	The translation is being done by NACA working with the World Bank. Translation procedures are coordinated with the IFRS Foundation.

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs?	No.
If no, is the adoption of the IFRS for SMEs Standard under consideration?	Yes. Currently the National Accounting Council of Albania (NACA), assisted by the World Bank and the IFRS Foundation, is working on a project to compare the IFRS for SMEs Standard to National Accounting Standards and to design a process to adopt the IFRS for SMEs in full. NACA expects the National Accounting Standards to remain in force for two to three years before the full adoption of the IFRS for SMEs Standard. The IFRS for SMEs Standard would be used by all entities not required to use full IFRS Standards .
Did the jurisdiction make any modifications to the IFRS for SMEs Standard?	Not applicable.

If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the IFRS for SMEs 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 Standard, what other accounting framework do they use?	The Accounting Law (2004) requires large unlisted entities (which may meet the International Accounting Standards Board's definition of an SME) to prepare their separate company and consolidated financial statements using IFRS Standards. All other corporate sector entities must prepare their financial statements in accordance with Albanian National Accounting Standards drafted by the National Accounting Council (NAC) and approved by the Minister of Finance.
Other comments regarding use of the IFRS for SMEs Standard?	The IFRS for SMEs Standard is under consideration. At the same time, Albania has applied for membership in the European Union. This would require Albania to transpose the EU's Accounting Directives into Albanian law.