

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Bangladesh**

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

Profile last updated: 18 September 2020

RELEVANT JURISDICTIONAL AUTHORITY

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| Organisation | Financial Reporting Council (FRC), Bangladesh |
| Role of the organisation | A government regulatory agency with the responsibilities of standard setting, financial report monitoring, and audit practice review of the financial reporting of public interest entities of Bangladesh. |
| Website | https://frc.gov.bd/ |
| Email contact | ed.ss@frc.gov.bd |

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a Yes.

single set of high quality global accounting standards?

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

Yes.

Section 40 (1)(a) of Financial Reporting Act 2015 (in Bangla) states, "The Council, with a view to rendering professional accounting services for public interest entities, shall set and issue (a) financial reporting standards in conformity with the International Accounting Standards issued by the International Accounting Standards Board."

What is the jurisdiction's status of adoption?

Bangladesh has adopted IFRS Standards.

Additional comments provided on the adoption status?

Following the formation of FRC, and FRC signing contract with IFRS Foundation in June 2020, FRC adoption of IFRS Standards is now in process.

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.

The jurisdiction has made a public statement supporting the move towards a single set of accounting standards.

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, domestic companies whose securities trade in a public market are required to use IFRS Standards in their consolidated financial statements. However, Banks, insurance companies and Non-Banking Financial Institutions (NBFI) prepare financial statements in accordance with their respective Acts and guidelines and have some deviations from IFRS Standards due to Central Bank and Insurance Development and Regulatory Authority directives.

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 companies whose securities are traded on the Dhaka Stock Exchange (DSE) and/or the Chittagong Stock Exchange (CSE) are required to follow IFRS Standards as adopted by the ICAB (ie BFRS). IFRS Standards adopted by FRC.

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, IFRS Standards are required for consolidated financial statements, separate financial statements of companies and the financial statements of single entities whose securities are traded in a public market.

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

IFRS Standards as adopted by FRC are required in the separate financial statements of companies whose securities are traded in a public market.

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

IFRS Standards as adopted by FRC are required for the financial statements of companies whose securities are not traded in a public market, but the companies are required to comply with full IFRS Standards based on quantified size and public accountability.

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, all foreign companies whose securities are traded in a public market are REQUIRED to use IFRS Standards in their consolidated financial statements.

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?

Applies to all foreign companies.

IFRS ENDORSEMENT

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

All IFRS Standards as adopted by FRC are required for all domestic companies.

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

IFRS Standards; except in case of Banks, insurance companies and NBFIs. They are following their respective Acts and guidelines.

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)?

Yes, except in case of Banks, insurance companies and NBFIs.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

Government of Bangladesh has enacted FRA 2015 as a legislative law to regulate, monitor, review, strengthen the Financial Reporting Activities of Public Interest Entities of Bangladesh and established the Financial Reporting Council in 2017. Section 40 (1)(a) of Financial Reporting Act 2015 states, "The Council, with a view to rendering professional accounting services for public interest entities, shall set and issue (a) financial reporting standards in conformity with the International Accounting Standards issued by the International Accounting Standard Board."

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?

All new and amended IFRS Standards are reviewed by the FRC Standard Setting Division; circulated for comments, opinions by the stakeholders; comments, opinions are reviewed, considered and finally approved by the Council and issued by the Standard Setting Division.

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?

Banks, insurance companies and NBFIs have applied some modifications and consequently their statement of compliance is different from that of others business sectors.

If yes, what are the changes?

Until December 2019, in case of Banks and NBFIs, certain exceptions have been made by Central Bank of Bangladesh by issuance of various circulars and directives; such departures from IFRS Standards are relating to expected credit losses, measurement of investment in equity shares, revaluation gain/loss on Government securities, current/non-current classification, presentation of other comprehensive income, recognition, measurement and presentation of certain financial instruments, repo and reverse repo transactions, financial guarantees, presentation of non-banking assets, presentation of cash flow statement, presentation of intangible assets, presentation of loan and advances, presentation of cash and cash equivalent, interest income for credit impaired loans, etc.

In March 2020, the FRC through Notification dated 16 March 2020 has mandated IFRS compliance for Banks and financial institutions. Accordingly, The Institute of Chartered Accountants of Bangladesh (ICAB) has been discussing with FRC the way forward for implementing IFRS Standards in Bangladesh to comply with the Notification issued by the FRC. It is expected that once ICAB and FRC finalised the roadmap for implementing full- IFRS Standards for Banks and NBFIs, the Central Bank of Bangladesh will make it mandatory for Banks and NBFIs.

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?

No. The English language IFRS Standards are used.

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?

Not applicable.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

Not yet.

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| If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration? | Yes. FRC is in the process of adopting IFRS for SMEs for certain types of entities based on quantified criteria such as revenue, assets, number of employees and entity legal status. |
| 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? | Under review, not yet finalised. |
| For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use? | Under consideration. FRC is developing the SMEGA – Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises, Level 3 Guidance. |
| Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard? | None. |