

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Lesotho**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Lesotho. 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	Lesotho Institute of Accountants (LIA)
Role of the organisation	The LIA was established by the Accountants Act no. 9 of 1977, which gives the Institute the mandate of regulating the accountancy practice in Lesotho. Specific statutory responsibilities of the LIA include setting the standards and rules governing the practice of accounting and ensuring compliance with those standards. Consequently, the LIA is the official accounting standard-setting body in Lesotho.
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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.
What is the jurisdiction's status of adoption?	Lesotho has already adopted IFRS Standards for all companies.
Additional comments provided on the adoption status?	<p>The Companies Act of 2011 (Section 95) states that 'the accounts of a company shall be prepared in accordance with prescribed financial reporting framework prescribed by the Lesotho Institute of Accountants' (LIA).</p> <p>The Council of the LIA voted for the adoption of IFRS Standards in 2001 and for the adoption of the <i>IFRS for SMEs</i> Standard in 2009, in both cases without any modifications to the standards. The Council further directed that all future amendments to standards and any additional standards will automatically be adopted.</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?	Lesotho does not have a stock exchange.
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	Lesotho does not have a stock exchange.

separate company financial statements of companies whose securities trade in a public market?

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

Companies whose securities do not trade in a public market can choose between full IFRS Standards or the *IFRS for SMEs* Standard, except that financial institutions must use full IFRS Standards.

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?

Lesotho does not have a stock exchange.

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 the Board, ie standards and amendments are adopted as and when issued by the 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)?

Lesotho does not have a jurisdictional GAAP other than IFRS Standards.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

The Companies Act of 2011 (Section 95) states that 'the accounts of a company shall be prepared in accordance with prescribed financial reporting framework prescribed by the Lesotho Institute of Accountants' (LIA).

The Council of the LIA voted for the adoption of IFRS Standards in 2001 and for the adoption of the *IFRS for SMEs* Standard in 2009, in both cases without any modifications to the standards. The Council further directed that all future amendments to standards and any additional standards will automatically be adopted.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	No.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	In adopting IFRS Standards and the <i>IFRS for SMEs</i> Standard under the Companies Act, the Council of the LIA directed that all future amendments to standards and any additional standards will automatically be adopted. Therefore there is no need for a formal process for the 'endorsement' or 'adoption' of individual standards.
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?	No.
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 <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes, Lesotho adopted the <i>IFRS for SMEs</i> Standard in 2009.
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?	All SMEs are required to choose either full IFRS Standards or the <i>IFRS for SMEs</i> Standard.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting	Full IFRS Standards.

Standard, what other accounting framework
do they use?

Other comments regarding use of the *IFRS* None.
for *SMEs* Accounting Standard?