

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Norway**

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

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| Organisation | Norsk Regnskapsstiftelse (Norwegian Accounting Standards Board) |
| Role of the organisation | The official standard-setting body in Norway |
| Website | www.regnskapsstiftelsen.no |
| Email contact | nrs@revisorforeningen.no |

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. As a member of the European Economic Area, Norway is subject to the European Union Regulations and Directives, including the IAS Regulation.

Refer to the IAS Regulation adopted by the European Union in 2002.

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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? | <p>Yes. As a member of the European Economic Area, Norway is subject to the European Union Regulations and Directives, including the IAS Regulation.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p> |
| <p>What is the jurisdiction's status of adoption?</p> <p>Additional comments provided on the adoption status?</p> | <p>Norway has already adopted IFRS Standards as a requirement for all or some companies.</p> <p>IFRS Standards as adopted by the EU are required for the consolidated financial statements of all companies whose securities trade in a regulated market and for the consolidated financial statements of all other companies on a voluntary basis.</p> <p>In Norway, the following are regulated markets:</p> <ul style="list-style-type: none"> • Fish Pool ASA • Norexeco ASA • NASDAQ Oslo ASA • Oslo AXESS • Oslo B&rs ASA <p>Norway used the option under the EU IAS Regulation to:</p> <ul style="list-style-type: none"> • Require IFRS Standards as adopted by the EU in the separate company financial statements of companies whose securities trade in a regulated market but that do not prepare consolidated financial statements because they have no subsidiaries. • Permit IFRS Standards as adopted by the EU in the separate company financial statements of companies whose securities trade in a regulated market. • Permit IFRS Standards as adopted by the EU in both the consolidated and separate company accounts of companies that do not trade in a regulated market. <p>When IFRS Standards as adopted by the EU were implemented for listed companies, based on EU/EEC requirements, it was stated in the preparatory documents that IAS/IFRS Standards should continue to be basis for development of Norwegian accounting standards, whereas consideration of the special needs for small companies should be taken care of by developing separate standards for small entities.</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

Yes.

Accounting Standards in their consolidated financial statements?

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required. In accordance with the IAS Regulation, IFRS Standards as adopted by the EU are required for the consolidated financial statements of all European companies whose debt or equity securities trade in a regulated market in Norway.

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

All Norwegian companies whose securities are traded at 'regulated markets' in Norway (Oslo Børs, Oslo Axess). It does not apply to Norwegian companies whose securities are traded at Merkur Market (a Norwegian market place which is not a 'regulated market')

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?

In their separate company financial statements, companies whose securities trade in a regulated market may choose:

- IFRS as adopted by the EU;
- existing local GAAP; or
- accounting standards prescribed in a regulation developed by the Ministry of Finance. Those standards are basically full IFRS Standards in terms of recognition and measurement (with a few modifications) but with simplified disclosures.

Note, however, that IFRS Standards as adopted by the EU are required in the financial statements of a company whose securities trade in a regulated market but that does not have any subsidiaries (in which case the financial statements are not consolidated financial statements).

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

In both their consolidated and separate company financial statements, companies whose securities do not trade in a regulated market may choose:

- IFRS Standards as adopted by the EU;
- existing local GAAP; or
- accounting standards prescribed in a regulation developed by the Ministry of Finance. Those standards are basically full IFRS Standards in terms of recognition and measurement (with a few modifications) but with simplified disclosures.

On 22 September 2015, the Norwegian Ministry of Finance issued for comment an exposure draft of a new Accounting Act for Norway that would modify the accounting requirements for companies whose securities do not trade in a regulated market.

On 24 June 2016, the Ministry published a second set of proposals that complements the September 2015 proposals.

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 regulated market in Norway (and generally in the EU and EEA) are required to report under IFRS Standards as adopted by the EU for their consolidated financial statements unless the European Commission has deemed their local accounting standards to be equivalent to IFRS, in which case they may use their local standards. Further details may be found on the 'Financial Reporting' page of the European Commission's website.

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 as adopted by the European Union, which are IFRS as issued by the Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies can still be in full compliance with IFRS.

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

IFRS Standards as adopted by the European Union.

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.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

The process is described in the Profile of the European Union.

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?

The process is described in the Profile of the European Union. Because Norway is not an EU member, in addition to the formal EU endorsement process, according to the EEC-agreement the EU regulations have to be enacted into Norwegian law by issuing changes to the IFRS-bylaw to the Norwegian Accounting Act.

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

Yes.

IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

If yes, what are the changes?

Details are in the Profile of the European Union.

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 into Norwegian.

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 EU IFRS-regulations, which contain the main text of the standards, are translated to Norwegian and added as attachments to the IFRS-by-law to the Norwegian Accounting Act. The translation is done by the Norwegian Authorities who also carry out translations of other EU-regulations put into Norwegian law, and they consult with a professor at BI Norwegian Business School for quality assurance of the translations. These translations may be found here.

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?

Yes.

On 22 September 2015, the Norwegian Ministry of Finance issued for comment an exposure draft of a new Accounting Act for Norway. Under that proposal, the accounting standards required to be followed by companies whose securities do not trade in a regulated market would be as follows:

- **Consolidated financial statements.** Required to use either (a) new national standards based on the *IFRS for SMEs* Standard or (b) IFRS as adopted by the EU.
- **Separate/stand-alone financial statements.** Required to use either (a) new national standards based on the *IFRS for SMEs* Standard or (b) IFRS as adopted by the EU or (c) an entity that reports using IFRS Standard to a parent/investor reporting group could also use the existing Norwegian accounting regulation developed by the Ministry of Finance. That existing Norwegian accounting regulation is basically full IFRS Standards in terms of recognition and measurement (with a few modifications) but with simplified disclosures.

The exposure draft and related press release are available on the website of the Ministry of Finance in Norwegian only:

- Press release;
- Exposure Draft NOU 2015 10;
- On 24 June 2016, the Ministry published a second set of proposals that complements the September 2015 proposals.

The next steps will be determined by the Ministry of Finance.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

Not applicable.

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| 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? | Not applicable. |
| For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use? | Currently SMEs use standards developed by the Ministry of Finance, with an option to use IFRS Standards as adopted by the EU. |
| Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard? | None. |