

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Armenia**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Armenia. 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 | Ministry of Finance of the Republic of Armenia (MOF) Association of Accountants and Auditors of Armenia (AAAA) |
| Role of the organisation | As explained in more detail below, IFRS Standards, including the <i>IFRS for SMEs</i> Standard, have been adopted as the accounting standards of the Republic of Armenia by law for all companies except 'micro-entities'. There are no local standards and no local standard-setting body. The Government of the Republic of Armenia has authority to set standards to be used by micro-entities as well as to publish the officially translated IFRS Standards. The AAAA assists the Government of the Republic of Armenia in translating IFRS Standards into Armenian. |
| Website | MOF: http://www.minfin.am AAAA: |

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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.

The Republic of Armenia has publicly stated its support for global accounting standards, and for IFRS Standards as those standards, by having enacted The Law on Accounting (2002), as amended in December 2008. That Law requires all companies in the Republic of Armenia to prepare financial statements in accordance with IFRS Standards with a sole exception of micro-sized entities.

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

Yes. See above.

What is the jurisdiction's status of adoption?

The Republic of Armenia has adopted IFRS Standards for all companies with the sole exception of micro-sized entities. Companies that meet the definition of a small or medium-sized entity in the *IFRS for SMEs* Standard are permitted to use the *IFRS for SMEs* Standard or full IFRS Standards.

Additional comments provided on the adoption status?

Financial institutions. Banks, credit institutions, payment and settlement organisations, securities market issuers, investment companies, regulated market operators, the Central Depositary, insurance companies, reinsurance companies, and insurance brokers are required to apply IFRS Standards as IFRS Standards are issued by the IASB Board.

Other entities except micro-sized entities. For such entities, IFRS Standards become mandatory (effective) only from the beginning of the calendar year starting six months after the official translation of a new or amended IFRS Standards into Armenian has been published. However, they are allowed to apply IFRSs earlier (before the official translations become effective). The first official translation was made for IFRS issued as of 1 January 2009; this translation was published in March 2010. Hence, that translation became effective from 1 January 2011. The second translation (of amendments and new IFRS Standards up through 31 December 2012) was published in July 2013. Because the date of six months after publication occurred in January 2014, this translation became mandatory (effective) from 1 of January 2015.

Micro-sized entities. The Law on Accounting provides an exception from IFRS Standards for entities with annual revenue not exceeding AMD 100 million (approximately US\$250,000). Such entities are sometimes referred to as micro-sized entities. The Law allows these micro entities to apply a simplified tax accounting guide to be developed by the Government of the Republic of Armenia instead of IFRS Standards. However, such a guide has not yet been issued.

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:

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| 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. The requirement that securities market issuers use IFRS Standards is not part of the listing rules of the stock exchange (NASDAQ OMX Armenia) but, rather, is contained in The Law on Accounting (2002), as amended in December 2008. |
| 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. |
| 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? | Yes. |
| For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market? | All companies except micro-sized entities are required to use IFRS Standards. Companies that meet the definition of a small or medium-sized entity in the <i>IFRS for SMEs</i> Standard are permitted to use the <i>IFRS for SMEs</i> Standard or 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:

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| 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. The requirement that securities market issuers use IFRS Standards is not part of the listing rules of the stock exchange (NASDAQ OMX Armenia) but, rather, is contained in The Law on Accounting (2003), as amended in December 2008. |
| 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? | All. |

IFRS ENDORSEMENT

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| Which IFRS Accounting Standards are required or permitted for domestic companies? | For financial institutions and securities market issuers: IFRS Standards as issued by the IASB Board. For other entities: either the IFRS Standards as issued by the IASB Board or the IFRS Standards as adopted by the Republic of Armenia. |
| The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with: | For financial institutions and securities market issuers, the auditor's report always refers to IFRS Standards. For other entities, the auditor's report refers either to IFRS Standards or to IFRS Standards as adopted by the Republic of Armenia. |
| 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)? | No. IFRS Standards are the GAAP of the Republic of Armenia. |
| Are IFRS Accounting Standards incorporated into law or regulations? | Yes. |
| If yes, how does that process work? | The Law on Accounting (2003), as amended in December 2008 requires all companies in the Republic of Armenia to prepare financial statements in accordance with IFRS Standards with a sole exception of micro-sized entities. Moreover, Article 3 of that Law states that IFRS Standards as required by Law include 'future standards and comments adopted by International Accounting Standards Board and interpretations thereto'. |
| 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? | A new or amended IFRS Standards becomes 'endorsed' for use in the Republic of Armenia when an official translation is issued by Government Decree and the translation is published in the official bulletin. The translation is done by the Ministry of Finance with assistance from the AAAA and is in accordance with the IFRS Foundation translation policies. As noted above, for financial institutions no translation – and therefore no endorsement action -- is required. New and amended IFRS Standards become mandatory for financial institutions when issued by the IASB Board. |
| 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? | 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? Yes.

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? IFRS Standards are translated into Armenian following the official IFRS Foundation translation policies.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

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

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration? Not applicable.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? No.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? All SMEs as defined in the *IFRS for SMEs* Standard are permitted to use the *IFRS for SMEs* Standard.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? Full IFRS Standards. As noted above, The Law on Accounting also permits micro-sized entities to apply a simplified tax accounting guide to be developed by the Government of the Republic of Armenia instead of IFRS Standards. However, such a guide has not yet been issued.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? Announcement of adoption of the *IFRS for SMEs* Standard by the Republic of Armenia may be found here (in Armenian):

<http://www.arlis.am/DocumentView.aspx?DocID=65910>