

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Slovakia**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Slovakia. 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	Slovak Chamber of Auditors (SKAU)
Role of the organisation	<p>The SKAU was established in 1992 and is currently governed by the Act on Auditors No. 540/2007 which became effective from 1 January 2008. The role of the SKAU is to:</p> <ul style="list-style-type: none"> (a) provide guidance to its members in the areas of audit, accounting, and International Financial Reporting Standards; (b) following an approval by its General Assembly, issue the Statute of the Chamber and internal regulations applicable to the auditing profession and ensure that they are complied with; (c) carry out an audit quality assurance review; (d) ensure and control the continuing education of auditors and assistant auditors; (e) lead disciplinary procedures and impose disciplinary measures;

- (f) provide comments on draft legislation relating to auditors' activities; and
- (g) other activities.

The authority to set accounting standards and regulations rests with the Slovak Parliament and the Ministry of Finance. The accounting law No. 431/2002 provides key principles for measurement of assets and liabilities at initial recognition and at subsequent balance sheet dates, and the decrees of the Ministry of Finance provide application guidance, including a prescribed uniform chart of accounts.

Website	www.skau.sk/
Email contact	adez@stonline.sk

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?	<p>Yes.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p>
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p>
What is the jurisdiction's status of adoption?	Slovakia has already adopted IFRS Standards for all or some companies.
Additional comments provided on the adoption status?	<p>As a member state of the European Union, Slovakia is subject to the IAS Regulation adopted by the European Union in 2002.</p> <p>The EU IAS Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. See the Profile for the European Union for more detailed information about the EU IAS Regulation.</p> <p>In Slovakia, the Bratislava Stock Exchange is a regulated market.</p> <p>Slovakia used the option under the IAS Regulation to:</p> <ul style="list-style-type: none"> • Require IFRS Standards as adopted by the EU in both the consolidated and separate company financial statements of all 'public interest entities'. Public interest entities are defined as: <ul style="list-style-type: none"> • Banks and branches of foreign banks; • Export-Import Bank of Slovak Republic; • Insurance companies and branches of foreign insurance companies except health insurance companies; • The Stock exchange; • Office of Slovak Assurors; • The Slovak Railroads;

- Reinsurance companies;
- Asset management companies; and
- Those companies that meet at least two of the following criteria in two consecutive years:
 - total assets more than €165,969,594;
 - net turnover more than €165,969,594; and
 - average number of employees more than 2,000.
- Permit IFRS Standards as adopted by the EU in the separate company financial statements of all companies whose securities are traded in a regulated market that are not 'public interest entities' (IFRS as adopted by the EU are *required* in the separate financial statements of 'public interest entities').
- Require IFRS Standards as adopted by the EU in the consolidated financial statements of companies whose securities do not trade in a public market.

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?

Yes.

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?

IFRS Standards as adopted by the EU are required in both the consolidated and separate company financial statements of all public interest entities.

IFRS Standards as adopted by the EU are permitted in the separate company financial statements of all companies whose securities trade in a public market that are not public interest entities.

For instance, are IFRS Accounting Standards required or permitted for

IFRS Standards as adopted by the EU are required in the consolidated financial statements of companies whose securities do not trade in a public market.

companies whose securities do not trade in a public market?

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 Slovakia (and generally in the EU) 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 Standards, in which case they may use their local standards.

This is laid out 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 Standards as adopted by the European Union, which are IFRS Standards 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 would still be in full compliance with IFRS Standards.

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)?

No. Slovak GAAP differs from IFRS Standards in many aspects.

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.

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?

Yes.

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.

The European Union has 24 official and working languages. They are: Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish. Before they are published in the Official Journal of the European Union, and therefore become binding under EU law, individual IFRS Standards must be translated into all of those languages (other than English and Irish).

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?

Pursuant to a copyright waiver agreement with the Directorate-General for Translation of the European Commission, the Commission takes care of the translation into the official languages according to their own translation process. The translation covers only the standards and mandatory guidance, which is then published in the *Official Journal of the European Union*.

In addition, some countries (usually the standard setter or institute) have a translation contract with the IFRS Foundation to produce an 'official translation' for publication of a bound volume of IFRS Standards (usually the 'Red Book') and publication, in some cases, of individual standards and exposure drafts.

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?

Not under consideration until the EU Accounting Directive changes.

Did the jurisdiction make any modifications to the *IFRS for SMEs* 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?	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?	They follow the accounting law No. 431/2002 and related decrees of Ministry of Finance.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	None.