

IFRS® STANDARDS—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: **Madagascar**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Madagascar. 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	Conseil Supérieur de la Comptabilité (CSC) [Higher Council of Accounting] Ordre des Experts Comptables et Financiers de Madagascar (OECFM) [Society of Accounting and Finance Experts of Madagascar]
Role of the organisation	The CSC is an agency of the Ministry of Economy and Finance. It has statutory authority to adopt accounting standards in Madagascar. The OECFM is an adviser to the CSC, and the CSC director in charge of private sector accounting is a member of the OECFM.
Website	CSC: www.csc.mg/index.php OECFM: http://www.oecfm.org/
Email contact	CSC: mcsc@csc.mg OECFM: oecfm@moov.mg and exa@moov.mg

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. The OECFM's commitment to IFRS Standards is set out in its August 2013 "Action Plan" submitted to the International Federation of Accountants (IFAC) as part of IFAC's member body compliance assessment programme: www.ifac.org/sites/default/files/compliance-assessment/part_3/201308_Madagascar_OECFM_V2.pdf
What is the jurisdiction's status of adoption?	Madagascar has not yet adopted IFRS Standards or the IFRS for SMEs Standard.
Additional comments provided on the adoption status?	<p>The existing Madagascar accounting standards are known as The National Accounting Plan "PCG 2005-Consistent IAS/IFRS". The plan was developed by the CSC in 2005 (and there are plans of updating it if financing from the World Bank is obtained). The CSC has stated that in developing the plan it tried to "base those standards on IFRS" as published in 2004.</p> <p>PGC-2005 allows any entity to choose to apply full IFRS Standards or the IFRS for SMEs Standard, provided that it can demonstrate that the resulting financial statements are an improvement over financial statements prepared under PGC-2005.</p> <p>In practice, in order to avoid having problems with the fiscal authority, entities (and in particular subsidiaries of foreign entities) prefer having two sets of financial statements prepared: (a) one set of statements compliant with PCG 2005, which is used for tax purposes and other local purposes, and (b) a second set compliant with IFRS Standards (or sometimes US GAAP), which is incorporated in the consolidated financial statements of the parent company.</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?	Not applicable. There are no listed companies as there is no public market yet. Further, there is no requirement for groups to prepare consolidated financial statements.
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?	Not applicable.
For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Not applicable.
For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?	Permitted.
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?	Not applicable. There are no listed companies as there is no public market yet. Further, there is no requirement for groups to prepare consolidated financial statements.
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 IASB Board are permitted but not required.
The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	IFRS Standards as issued by the IASB Board are permitted but not required.
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. A company that wants to comply with both IFRS Standards and the PCG 2005 would prepare two sets of financial statements.

Are IFRS Accounting Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	The Madagascar National Accounting Plan PCG 2005 permits companies to choose full IFRS Standards or the IFRS for SMEs Standard.
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?	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?	The Madagascar National Accounting Plan PCG 2005 permits companies to choose full IFRS Standards or the IFRS for SMEs Standard. Local endorsement of individual Standards is not required.
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?	The use of IFRS Standards poses application problems because of the difficulty in determining fair values due to the absence of public markets in Madagascar, especially for fixed assets and financial instruments.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	Yes. French is the national business language in Madagascar, and the IFRS Foundation publishes French translations of full IFRS Standards and the IFRS for SMEs Standard. IFRS Standards are not, however, translated into Malagasy.
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 IFRS Foundation publishes French translations of full IFRS Standards and the IFRS for SMEs Standard.

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?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Yes.
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 *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

The Madagascar National Accounting Plan PCG 2005 permits companies to choose full IFRS Standards or 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?

SMEs use the national accounting standards known as PGC-2005. But PGC permits any entity to choose to apply full IFRS Standards or the IFRS for SMEs Standard. So SMEs have the choice of PGC-2005, full IFRS Standards, or the IFRS for SMEs Standard.

Very small-sized entities – those with annual turnover less than MGA 20 million (around Euros 5,500) – keep their accounting records according to the minimum system of cash (Système Minimal de Trésorerie SMT), a system similar to a cash basis of accounting, and the financial statements are simplified.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.