

International Financial Reporting Standards



Jurisdiction Profiles of IFRS Application

Charting progress towards global accounting standards

Paul Pacter
Advisory Council, October 2013

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Support for global accounting standards

2

▪ February 2012 strategy review report of the Trustees of the IFRS Foundation

“We remain committed to the belief that a single set of International Financial Reporting Standards (IFRS) is in the best interests of the global economy, and that any divergence from a single set of standards, once transition to IFRS is complete, can undermine confidence in financial reporting.”

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Study of how countries have adopted IFRS

3

▪ **Goals of the project:**

- Develop a central source of information to chart jurisdictional progress toward global adoption of a single set of financial reporting standards
- Respond to assertions that there many national variations of IFRS around the world
- Identify where IFRS Foundation can help countries on their path to adoption of IFRS

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Where are countries on the road to IFRS?

4

▪ **81 jurisdiction profiles are now posted:**

- All G20 plus 61 others
- <http://go.ifrs.org/global-standards>
- **Starting point was a survey of standard setters**
- **Profiles prepared by IFRS Foundation**
- **Reviewed by survey respondent, regulators, and international audit firms**
- **Profiles reflect current status of use of IFRS rather than hopes and intentions**

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



66 profiles posted June 2013

5

Albania	China	Italy	New Zealand	Tanzania
Argentina	Colombia	Jamaica	Norway	Turkey
Australia	Czech Republic	Japan	Pakistan	Uganda
Austria	Denmark	Lesotho	Romania	Ukraine
Bahamas	Ecuador	Lithuania	Russia	United Kingdom
Belgium	European Union	Macao	Saudi Arabia	United States
Bhutan	Fiji	Macedonia	Serbia	Uruguay
Bolivia	France	Malaysia	Singapore	Venezuela
Botswana	Georgia	Malta	Slovakia	Zambia
Brazil	Germany	Mauritius	South Africa	Zimbabwe
Brunei	Hong Kong	Mexico	South Korea	
Bulgaria	India	Mongolia	Sri Lanka	
Canada	Indonesia	Myanmar	Switzerland	
Chile	Israel	Netherlands	Taiwan	

15 more profiles posted September 2013

6

Cyprus	Iceland	Poland
Estonia	Ireland	Portugal
Finland	Latvia	Slovenia
Greece	Liechtenstein	Spain
Hungary	Luxembourg	Sweden

Content of each profile

7

- **Survey participant details**
- **Commitment to global accounting standards**
- **Extent of IFRS application:**
 - Which companies? Required or permitted?
Consolidated only? Unlisted also?
- **IFRS endorsement:**
 - Process, legal authority, auditor's report
- **Eliminate options? Make modifications?**
- **Process for translation of IFRS**
- **Adoption of the IFRS for SMEs**

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Commitment to IFRS as global standards

8

- **Stated a public commitment in support of global accounting standards?**
 - Yes = 78 of the 81 jurisdictions
 - No = 3 (Albania, Macao, Switzerland)
- **Made a public commitment to IFRS as those standards?**
 - Yes = 80 of the 81 jurisdictions
 - No = 1 (Switzerland)

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



IFRS already adopted

9

- **IFRS required for all or most listed companies?**
 - Yes = 70 of 81 jurisdictions (85%)
 - Not yet = 11 jurisdictions (see next slide)
- **Around 60% of the 70 who have adopted IFRS for listed companies also require IFRS for financial institutions and/or large unlisted.**
- **Around 90% of the 70 who have adopted IFRS for listed companies also require or permit IFRS for many unlisted companies.**

© IFRS Foundation, 30 Cannon Street | London EC4M 6XH | UK, www.ifrs.org



On the road to adoption of IFRS - Slide 1 of 2

10

About the 11 yet to complete adoption:

- **Japan:**
 - IFRS permitted if criteria are met. 22 companies now use.
 - Proposal to expand IFRS criteria to allow many more companies to adopt.
 - By 2014 expect more than 20% of total market cap to use IFRS.
- **United States:**
 - IFRS permitted for non-US companies.
 - 450 SEC registrants now use IFRS.
- **China:** Substantially converged.

© IFRS Foundation, 30 Cannon Street | London EC4M 6XH | UK, www.ifrs.org



About the 11 yet to complete adoption:

- **India:** Permitted on limited voluntary basis. 11 companies use.
- **Pakistan** and **Singapore:** Adopted many but not all IFRSs.
- **Saudi Arabia:** IFRS now required for banks and insurance companies. Plan to adopt for all listed and financial.
- **Bhutan:** IFRS being phased in, 18 IFRS already adopted, full adoption by 2021
- **Bolivia:** Yet to adopt, but IFRS used by some companies.
- **Indonesia** and **Macao:** Adopted some individual IFRSs. No plan for full adoption.

Modifications to IFRS are rare

- **European Union:** IAS 39 'temporary carve-out' – is used by fewer than 2 dozen out of 8,000 listed companies in the EU
 - **99.5% use IFRS as issued by the IASB.**
- **Effective dates:** A few jurisdictions deferred dates of several standards, notably IFRSs 10, 11, 12
- **Pending completion of IASB projects:** A few modifications or deferrals pending completion of IASB projects on equity method, agriculture, loan loss provisions, hedge accounting, rate regulation

Auditor's report

13

- **Independent auditor's report:** In the 70 jurisdictions that have adopted IFRS, the auditor's report refers to:

IFRS as issued by the IASB	32 jurisdictions
-----------------------------------	------------------

IFRS as adopted by the EU	32 jurisdictions*
----------------------------------	-------------------

* Many of these also assert compliance with IFRS as issued by the IASB

National standards	6 jurisdictions
---------------------------	-----------------

© IFRS Foundation, 30 Cannon Street | London EC4M 6XH | UK, www.ifrs.org



Endorsement process in the 81 jurisdictions

14

No endorsement required	23 jurisdictions
European Union process	31 jurisdictions
Endorsement done solely by professional accounting body	8 jurisdictions
Endorsement done solely by government agency	8 jurisdictions (includes Japan)
Endorsement involves both professional body and government	6 jurisdictions
IFRS not yet adopted for domestic or foreign companies	5 jurisdictions

© IFRS Foundation, 30 Cannon Street | London EC4M 6XH | UK, www.ifrs.org



Adoption of the IFRS for SMEs

15

- **IFRS for SMEs:** 30 jurisdictions have adopted the IFRS for SMEs. Another 11 actively considering it.
- **Of the 30 who have adopted IFRS for SMEs:**
 - 5 require it for all SMEs not required to use full IFRS.
 - 13 give SMEs option to use full IFRS instead.
 - 11 give SMEs option to use either full IFRS or local GAAP instead of the IFRS for SMEs.
 - 1 jurisdiction requires local GAAP if it does not choose the IFRS for SMEs.

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Next steps in the profiles project

16

- **Surveys were sent in late July to another 80 jurisdictions**
 - So far replies received from 24
 - We need help on remaining 56 (next slide #17)
 - Post Profiles in 4th Quarter 2013
- **Follow-up survey in early 2014**
 - Including some additional questions relating to IFRS adoption (slides #18-20)

© IFRS Foundation. 30 Cannon Street | London EC4M 6XH | UK. www.ifrs.org



Can AC Members help on any of remaining 56?

17

Angola	Croatia	Kyrgyzstan	Nicaragua	Syria
Armenia	Cuba	Lebanon	Panama	Tajikistan
Bahrain	Ethiopia	Liberia	Papua NG	Togo
Benin	Gambia	Libya	Peru	Tonga
Burkina Faso	Ghana	Madagascar	Philippines	Trinidad -Tobago
Burundi	Guatemala	Malawi	Rwanda	Tunisia
Cambodia	Guyana	Mali	Samoa	Turkmenistan
Cameroon	Haiti	Monaco	Senegal	Vietnam
Congo Braz.	Iran	Morocco	Sierra Leone	
Congo DR	Jordan	Mozambique	Solomon Is	
Costa Rica	Kazakhstan	Namibia	Sudan	
Cote d'Ivoire	Kuwait	Nepal	Swaziland	

If yes, please contact ppacter@ifrs.org



Follow-up survey

18

- **Objective #1: Reaffirm initial data or any changes needed**
- **Objective #2: Fix one or two unclear matters on original survey.**
 - Example: In EU when we asked about “dual reporting” did we mean (a) IFRS and IFRS as adopted by EU or (b) IFRS and national GAAP?
- **Objective #3: Obtain additional information about IFRS adoption.**
 - Suggestions on next two slides.



Potential additional questions - Slide 1 of 2

19

1. What is actual practice in jurisdiction regarding dual reporting? Common? Rare?
2. Does jurisdiction prohibit early adoption of a new or amended IFRS even if permitted in IFRS?
3. Has the effective date of a new or amended IFRS in your jurisdiction always been the same as the effective date in the IFRS?
4. If use of IFRS for SMEs is optional, what proportion of SMEs choose IFRS for SMEs? Most? Many? Some? Few?

Potential additional questions - Slide 2 of 2

20

5. Has jurisdiction added any accounting standards or disclosures that are mandatory for the fair presentation of financial statements described as conforming to IFRSs? If yes, what are the topics of those additional standards or disclosures?
6. Does the jurisdiction require IFRS financial statements to be published using XBRL?
7. Is the audit oversight body a member of IFIAR?

Questions for Advisory Council

21

1. Do any of the survey findings suggest short-term or longer-term action that the IASB or Foundation should take?
2. Are the questions for the follow-up survey appropriate? Delete any? Add any?

